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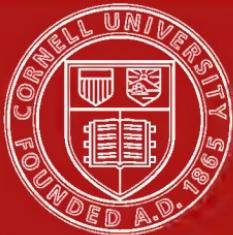
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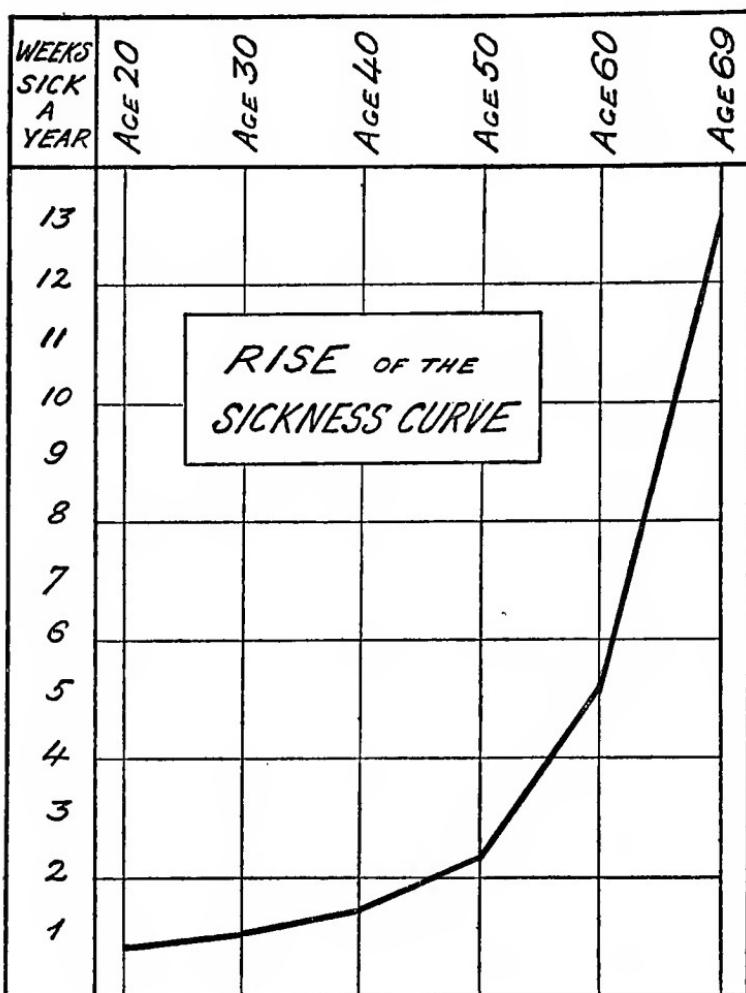
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HOW SICKNESS GROWS WITH AGE



This Diagram is drawn to scale to exhibit the growth of Sickness with age. It is based on the Sickness Experience taken as the basis of the National Health Insurance System (see Chapter XX.), and shows that Health Insurance is largely a provision for the later years of life.

INSURANCE VERSUS
POVERTY. BY L. G.
CHIOZZA MONEY, M.P.

WITH AN INTRODUCTION BY
THE RIGHT HON. D.
LLOYD GEORGE, M.P.

METHUEN AND CO. LTD.
36 ESSEX STREET, LONDON
W.C. MARCH, 1912.


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INTRODUCTION

BY THE

RIGHT HON. DAVID LLOYD GEORGE, M.P.

TO those interested in the economic and social questions of the day Mr. Chiozza Money needs no introduction from me, and they will welcome the fact that he has devoted to the National Insurance Act his well-known powers of popular exposition of complicated subjects.

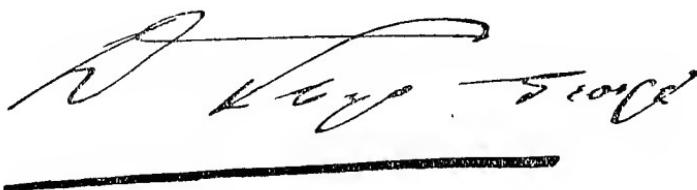
The task that he has set himself and carried out so admirably in the following pages is one of very great importance. Nothing is more vital at the present time to the success of the Act than that it should be widely and thoroughly understood. Whether it be due to misconception or to misrepresentation or to the inherent difficulties of the subject, there is no doubt that a tangle of false conceptions has grown up about the National Insurance Scheme. If the tree that has been planted is to grow strong and bear good fruit this tangle must be cleared away. To one who plies the axe as vigorously and thoroughly as does Mr. Chiozza Money in this book is due the gratitude of all who have the success of the scheme at heart—all, that is, to whom the difficulties and suffering that millions of the workers of this country have to face are not a matter of indifference.

Mr. Chiozza Money does not confine himself to a bare exposition of the scheme. He deals with the conditions that call for a measure of National Insurance, and with

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the fundamental principles that underlie that measure. He also devotes a chapter to consideration of the methods followed and success attained by Germany, the pioneer of National Insurance. In Germany the inception of the scheme was not unaccompanied by discontent, unpopularity, and gloomy prophecies. Its success is now triumphant, unquestioned alike by employers and employed. It was from Germany that we who were privileged to be associated with the application of the principle to the United Kingdom found our first inspiration, and it is with her experience before us that we feel confident of the future.

There is growing and spreading at the present time a consciousness that some features of the social conditions of this country are a blot upon the fair name of our nation. To this consciousness the National Insurance Scheme makes its appeal. It calls for certain elements of sacrifice from all: it asks of the industrial population mutual thrift and providence, from the State and the employer it demands the recognition of obligations hitherto generally neglected. If this appeal be not made in vain—as I, for one, am confident it will not be—and the campaign against poverty, squalor and disease in our midst evokes the same patriotism that is always ready to leap to the call of external danger, then the National Insurance Act will prove to have provided a better and firmer foundation for our national greatness.



A handwritten signature in black ink, appearing to read "H. G. Ward". The signature is fluid and cursive, with a long horizontal flourish extending across the page. Below the signature is a solid horizontal line.

PREFACE

THIS book deals with Social Insurance in general, and with the National Insurance Act, 1911, in particular.

The plan of the work is as follows: It is divided into two distinct books, and each of these books is again divided into three sections. The first book deals with Health Insurance. Its first part consists of argumentative and possibly challengeable matter, written by one who is an ardent advocate of compulsory State Insurance against social and industrial vicissitudes. It puts the case for compulsion, shows the necessity for extension of the principle beyond the borders of the National Insurance Act of 1911, and takes opportunity to refer to foreign experience. Part II. is a descriptive and critical account of the National Health Insurance Law of 1911, which is complete in itself. Part III. is the Health Section, or first part, of the National Insurance Act, 1911, printed verbatim, with explanatory notes designed to assist the reading and understanding of what is necessarily a complicated Act of Parliament.

Book II. deals in similar fashion with Unemployment Insurance. In Part I. an attempt is made to sketch the problem of unemployment in its broad outlines in order to exhibit the nature of the problem, and the necessity for the regular payment of labour, to which end the author regards Unemployment Insurance as a first step. Part II. is an exposition of the Unemployment Section of the Act of 1911. Part III. is the Unemployment Section, or second part of the Act, printed verbatim, with explanatory notes as in the case of the Health Insurance.

These pages make no pretence to be written by one who has not made up his mind about the Act. The author has been for many years a convinced believer that it is vitally necessary to adopt for the United Kingdom a suitable modification of the Social Insurance system which has done so much for the German working classes. In the years to come, he believes, the entire nation will accept State Insurance as it is accepted in Germany, without division of party. In those days men will look back with amazement to the extraordinary campaign of calumny and misrepresentation conducted against the measure and against Mr. Lloyd George in the winter of 1911-12. In those days, too, the man who had the courage to challenge insularity with a new type of legislation, and who piloted

INSURANCE VERSUS POVERTY

his measure through Parliament with a consummate skill that extorted the admiration even of his adversaries, will be named with gratitude by millions who will reap the harvest of his sowing.

This book was written and almost completed by the printer when the South Manchester by-election of March 5, 1912, was fought and won. It is generally agreed that the Insurance Act played a large part in the result, which was as follows :—

THE LOSS OF SOUTH MANCHESTER BY THE LIBERALS.

RESULT OF ELECTION, JANUARY, 1910.				RESULT OF ELECTION, MARCH, 1912.			
Haworth (Lib.)	...	...	8,121	Glazebrook (U.)	...	...	7,051
Jackson (U.)	...	...	5,669	Haworth (Lib.)	...	...	6,472
Liberal majority	...	...	<u>2,452</u>	Unionist majority	...	...	<u>579</u>

At the election of December, 1910, there was no contest, Mr. Glazebrook being too late for nomination.

This is an extraordinary reversal of opinion. *Did it mean a condemnation of the National Insurance Act?* For answer let the reader turn to the accompanying page, upon which I have reproduced Mr. Glazebrook's representation of the Act to the electors. It will be seen that those who voted in the belief that Mr. Glazebrook's circular was true, did not vote against the National Insurance Act, but against a measure of Mr. Glazebrook's imagining.

Observe that Mr. Glazebrook told South Manchester that the Act—

“Gives an insured person only half the benefits that would be given for the same money by a well-managed Friendly Society,”

and he explained his extraordinary allegation by adding :—

“This comes of the Government's insistence on expensive and inefficient officialism. Although the Act is not yet working, scores of new Officials, Commissioners, Lecturers, &c., have been appointed and already drawing large salaries at the nation's expense.”

As to the main misrepresentation, the reader will find the truth exhibited in Chapter XX. (p. 174) and Chapter VIII. The average insured male under the Act gets more than 9d. worth of insurance for less than 4d. (Chapter VIII. p. 81, and Chapter XX. p. 179). Further, if the Act did not exist, a Friendly Society, formed to grant the benefits of the Act on the most economic scale possible, would have to charge the following contributions to a male contributor entering into insurance at the ages named :—

A MEMENTO OF SOUTH MANCHESTER.

The following is an exact copy of the leaflet issued by Mr. Glazebrook, M.P., at the South Manchester by-election of March 5, 1912. It deserves to be put on permanent record.

MR. GLAZEBROOK AND THE NATIONAL INSURANCE ACT

Who now believes that the Act is going to give 9d. for 4d.?

The People, directly or indirectly, will pay 9d. in each case, but what Mr. Glazebrook wants to secure is **THAT THEY GET THEIR MONEY'S WORTH, 9d. for 9d.**

The Act falls utterly short of doing this. It gives an insured person only **HALF** the benefits that would be given for the same money by a well-managed Friendly Society.

This comes of the Government's insistence on expensive and inefficient officialism. Although the Act is not yet actually working, **SCORES OF NEW OFFICIALS**, Commissioners, Lecturers, &c., have been appointed and are already drawing large salaries **AT THE NATION'S EXPENSE. IN NO CASE** have they been selected by competitive examination.

Mr. Glazebrook supports **THE ENGLISH PRINCIPLE OF PROMOTION BY MERIT.**

He wants to see better terms granted to **THE POST OFFICE DEPOSITORS** under the Act. The Government has deprived nearly a million of British workers of proper Insurance benefits, although they have to pay the same contributions as others. Mr. Glazebrook believes in **FAIR TREATMENT.**

The Government refused to make SICK PAY payable from the first day of illness. **THEY REFUSED TO REDUCE THE WAITING PERIODS FOR** sickness benefit from 26 weeks to 13, and for disablement benefit from 104 weeks to 52. They want to force **THE DOCTORS** to accept an inadequate rate of pay, and to force insured workers to be treated by such Medical Men as are willing to undercut the rest of their profession. They refuse to give Parliament time to make the Measure adequate and sound.

MR. GLAZEBROOK wants a better Act, **ONE WHICH WILL WORK MORE SIMPLY AND MORE ECONOMICALLY** in the interests of **ALL** classes.

The burden imposed by National Insurance is great. If it is worth while accepting the burden, let us at least draw **THE FULLEST POSSIBLE BENEFITS.**

VOTE FOR GLAZEBROOK
AND AN IMPROVED INSURANCE SCHEME.

VOTE FOR GLAZEBROOK
AND INSURANCE UNFETTERED BY JOBBERY.

VALUE OF STATE BENEFITS.

Weekly Contributions Needed to
Secure the State Benefits.

Age.							s.	d.
16	...	...	...	...	...	...	7	
25	...	...	...	...	...	...	8	
35	...	...	...	...	...	...	9	
45	...	...	...	...	...	...	11	
55	...	...	...	...	...	...	1	2
60	...	...	...	...	...	...	1	3

So that Mr. Glazebrook's main contention is seen to be an error of a very grave character.

As for Mr. Glazebrook's explanation of his remarkable error, he apparently did not know that the "officials" of whom he complains are not charged upon the contributions at all, but are a separate charge on the Exchequer. As for men over 45, it is earnestly to be hoped that Mr. Glazebrook did not know that Friendly Societies in the past have usually refused to insure them at any price, and that the Act gives them their only chance of sickness insurance.

It will be seen, therefore, that the result of the South Manchester election cannot be accepted as a verdict against the Act. It may easily be accepted as a verdict against the monstrosity which Mr. Glazebrook falsely pictured the Act to be.

I have been reluctantly compelled to refer to this matter in my Preface, as it afforded the only opportunity of dealing with it in a book on the point of going to press.

The author owes thanks to the Editors of *The Daily News*, *The Daily Chronicle*, and *The Westminster Gazette* for permission to incorporate in this work articles which he has contributed to their columns. Chapter V., on German Social Insurance, was written and published prior to the introduction of the National Insurance Bill in May, 1911; the author is much indebted to Mr. William Harbutt Dawson for his great kindness in revising it in the light of the amended and consolidated German Insurance Law of 1911.

Great pains have been taken, by the provision of a full synopsis, a copious index in two parts, plain division of the various sections, &c., to help the reader to find his way about in the volume. Every care has been exercised in making statements of fact, but the author would be deeply obliged to any reader who would advise him of any inaccuracy that may have crept into his pages.

L. G. CHIOZZA MONEY.

March 15, 1912.

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HEALTH INSURANCE

PART I: THE CASE FOR COMPULSION

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BOOK I.: PART I
THE CASE FOR COMPULSION

CHAPTER I

OF THE BLESSED WORD COMPULSION

WHEN on the 4th of May, 1911, a British Chancellor of the Exchequer rose in the Mother of Parliaments to move for leave to introduce a Bill "To provide for insurance against loss of health, and for the prevention and cure of sickness, and for insurance against unemployment, and for purposes incidental thereto," a new landmark was set up in the field of British legislation.

For the Bill so introduced by Mr. Lloyd George, which became the National Insurance Act of 1911, is a measure of compulsion, out of the pages of which hundreds of "shalls" and "shall nots" leap to the eye. Of these the "shalls" are the things remarkable and significant. The imaginative mind may hear the Act intoning "Shall," "Shall," "Shall," to toll the knell of *laissez faire*. We have won out of the dark days of "let be," through an intermediate stage of "shall not," to the beginning of "shall." There are to be positive laws as well as laws of negation. There are to be duties as well as restraints. It was good for freedom when we began to deny the right of a man to do what he liked with his own, and to learn that liberty comes through law. We shall gain a larger freedom by each common rule of positive action that we apply to our society, and to the industry which is the basis of our society. We shall never gain the maximum of freedom until, being sufficiently civilized to agree upon, and to perform, and to share, a minimum of necessary working functions, we give leisure as well as labour to every man through organized work.

There has been for long a conviction in the minds of British politicians and British publicists, born of I know not what evidence or observation, that the British working man would never submit to compulsion. Britons never, never would be slaves. Laws enacting

THE CASE FOR COMPULSION

compulsory contributions were all very well for Germans, but British workmen would never submit to such an infringement of the inherent rights of liberty-loving Islanders. We have now put the enactment of the compulsory principle to proof, and what has become of the long-cherished and often expressed opinion as to the views of British workmen on compulsion? We have found that the principle is accepted by all but an insignificant minority without murmur, and that where the Act is disliked it is not because of the application of the principle of compulsory insurance, but because of false representations, which go the length of alleging that the Act cheats the workman by taking part of his wages and giving him little or nothing in return.

I remember that about six years ago, before State insurance had been taken up or even thought of by a British Government, when I was one of hardly more than half-a-dozen persons who ventured to advocate it, I described the German compulsory insurance system to a public meeting of my then constituents in North Paddington. When I stated that there was a statutory compulsory deduction of insurance contributions from the wages of German workmen, there was a single cry of "Shame" from somewhere at the back of the hall. When I showed how much the German workman obtained as a citizen right in exchange for his compulsory contribution, the deepest interest was manifested, there was hearty general applause, and the gentleman at the back of the hall no longer thought it a shame. In scores of other places I have made the same test, and always I have found that an average British audience, in any part of the country, not only consents freely to the principle of compulsion as applied to insurance, but promptly recognizes that it is a proper social obligation, and is surprised to learn how much can be done when millions of mites are aggregated to form a fund for the rescue of the unfortunate. I have compared notes with other public speakers, and I find that my experience is the common experience. An average audience, consisting of all classes, but consisting, as all average audiences must, mainly of the poor, will give earnest attention for an hour and a half or even two hours to a man who can talk to them with knowledge on the subject of State Insurance. Objection to compulsion is rarely or never met with, or apparently even thought of. The average workman eagerly seizes upon the idea of the thing, and only desires to be satisfied that the best is being done under the given circumstances.

I suppose that it never occurred to many persons amongst those leisured classes who in the past have had the entire monopoly of the effective public expression of opinion, that compulsion is a common every-day matter to those who work for their livings. The great masses of our people labour under a degree of economic compul-

sion so intense, so effective, and so inexorable, that it would be incredible if it were not an accomplished fact.

Was it the mill-hand who was to have kicked against the pricks of a compulsory insurance? Go to sleep in a cotton town in the North, and, unless you sleep heavily, you shall be awakened in what still seems the night by the clattering of Lancashire clogs. If you are properly curious, and lift up the corner of the blind, and peer out into the darkness before the dawn, you shall distinguish huddled forms hurrying through the greyness as though life depended on it. These forms are human, and are those of people who work in order that others may still sleep. You must not believe this morning clatter a thing of occasion; it is so regular that you may set your watch by it, and inquiry will show you that such exceeding regularity is achieved by the aid of men who are paid by these forms to "knock them up" every morning at the appointed hour. If your curiosity goes further, and leads you to follow weavers into a shed, you shall never forget the clamour and clash of the looms, and you shall begin to learn what work really is. *This*, day after day, and year after year, is the freedom of the cotton operative. Let your mind dwell upon it, and you shall marvel at the compulsion of circumstance, and you shall begin to perceive that never in the history of mankind was a more remarkable thraldom exercised. There is no need for chains or barricades or such minatory laws for the proper punishment of unruly slaves as you may find written in Leviticus; it is more effective, and certainly has more humour in it, to create circumstances which compel people to chain themselves, and even to pay out of their own earnings to be reminded to get up early that the stroke of the clock may each morning deliver them tied and bound to tend the same machine on the same spot for long, monotonous hours. Yet these creatures of compulsion were, forsooth! to object on principle to a common rule for their own good.

Or was it the City clerk who was to have risen and asserted the liberty of Man? Watch his door in the suburbs between 8.20 and 8.25 any morning, and you shall surely see him emerge, in a hurry. If it is 8.20 he will hurry a little less, and if it is 8.25 he will hurry a little more, for the train to town starts at 8.30. If you care to take the same train, you shall see him arrive at the City terminus at 8.50. Follow him still, and you shall see him enter a certain block of buildings, and arrive at a certain accustomed office door on the stroke of nine o'clock. If you still feel interested enough to keep observation upon this gentlemanly fellow, you shall see him emerge for lunch at one, and return precisely at two, and leave for home, not so precisely, at about six, post meridian. This, day after day, and year after year, if he is lucky, is his life of freedom. In all the

THE CASE FOR COMPULSION

great world this is his little part—this little tedious journeying and working at fixed hours through the best part of the day, in the days of the prime years of a life that will not be lived again. Watch him, and you shall find him compelled and chained as securely as, or even more securely than, the cotton operative. There is but one chance of escape for him, and that is to lose his situation. If he loses it, and you chance to see him leave that certain block of buildings on the day of his freeing, you shall find him a little white and haggard, wondering where in the great city there is another office to which he may go chain himself. You shall pity rather than smile, for he will not be happy until he is chained again. Yet is he one of those who were to reject a law of compulsory social insurance, and to do so because they had tasted liberty!

Or was it the miner, living in his dreary little house on the dark hill-side hard by the pit-head? Observe his work, and again you shall marvel that any man could consent to be chained to it for a lifetime. You shall perceive that he is not a free man, but a pressed man—a man impressed by economic compulsion far more surely than those who in other days were hauled off by press-gangs to serve His Majesty. Get to understand the manner of his existence, and the nature of his work, and you shall find a grim amusement in assorting with such a life of sheer compulsion theoretic conceptions as to the iniquity of compulsory contributions.

We may usefully observe in this connection a specimen of the formularies of existing compulsion. Here is a copy of a form of agreement used which has to be signed by a Welsh miner on entering as a Free Man into his liberty of employment:—

**THE MONMOUTHSHIRE AND SOUTH WALES COAL-OWNERS'
ASSOCIATION.**

**TO THE OWNERS OF THE COLLIERY AND TO ANY PERSON CARRYING ON THE
SAME OR ANY SECTION OR PART THEREOF.**

WHEREAS I the undersigned have this day been employed as a workman by you or one of you at the said Colliery. Now I hereby authorise and require you or either of you to deduct from time to time out of the wages earned by me while so employed all payments which shall from time to time be made by you or either of you for me upon my request in respect of medicine and medical attendance, fuel, tools, or material supplied for me by you or either of you, and such an amount as is necessary for the payment of wages of the check-weigher, and also rents in respect of any tenement occupied by me as tenant to you or either of you.

Signature of Workman.	Attesting Witness to Signature.	Date of Signature.

OF THE BLESSED WORD COMPELSION 7

Let it be observed that the form contains the words "upon my request"; effective compulsion remains in spite of these words, and does not contravene the Truck Act.

Go, indeed, where we will amongst the many millions of persons who are brought within the great scope of the National Insurance Act of 1911, and we find everywhere the bonds of an extraordinarily effective economic compulsion, accentuated in a large proportion of cases by attendance upon machines. The compelling of the new law is an insignificance when measured by the tremendous scale of compulsion which is the every-day life of the great majority of those to whom the Act applies.

Moreover, there is stirring amongst the masses of the people a new interest in politics and a new faith in democratic government. It is not difficult to get the average man who works for his living to see that the compulsion of democratic law is not only a different thing from the economic compulsion to which he must day by day submit or starve, but that by virtue of the compulsion of law he may find mitigation of economic compulsion and even be saved from it. In the past, government for the masses mainly meant the government of the employer. What mattered the sitting of a Parliament at Westminster to a man to whom the employer was the beginning and the end of law, the giver or withholdier of the precious gift of hard work, the immediate arbiter of destiny? It mattered nothing to him while that far-off Parliament was not conceived by the worker as concerned with the immediate bread and butter of life, but merely as a place where there was much talk about high politics—politics so high as to be far above the heads of the common people. It matters everything to him now that Parliament is beginning to be conceived as an assembly regardful of life as it is and of work as it is—as an institution which can rise superior to the majesty of the employer and which can make laws of compulsion to express the will of a people to rule themselves in very truth.

To my mind there is a simple explanation of the new and lively concern in politics which has manifested itself throughout the country in the course of the last eight or nine years. Mr. Chamberlain builded greater than he knew, and I, for one, find it difficult to regret that he shot his fiscal bolt. The thing itself was not great, but it had great results. The concrete fiscal proposals of 1903 were ludicrous in relation to the industrial and social needs of the people, but, owing to the fact that such proposals brought into the field of controversy realities which had been carefully banned from politics in recent times, they led to the holding of a much needed national inquest, which is still proceeding. Observe our prosperity, said the Free Trader; take note of our imports and exports, our Income Tax returns, our bankers'

clearances, our ships and shipping, our foreign investments. Hundreds of thousands of men who had rarely seen a £5 note in their lives began glibly to talk of millions—the millions of a select class. On the other hand, the Protectionist delighted in dragging to the front every evidence of distress or of poverty that he could discover in Government return or Blue-book. The glowing periods of those who look only at the aggregate wealth of the nation have been chastened by evidences that when that aggregate wealth is analyzed, it is seen to leave many millions in poverty, and several millions in dire poverty. I know of nothing more amazing than the ignorance of the average politician, with regard to our trade and the broad facts relating to social and industrial conditions, that became obvious at the beginning of the great fiscal controversy. Few of them knew where to go for information, or in what official publications the most essential facts were to be found. I observed, with a mingling of amusement and astonishment, the rapid process of superficial education that went on. I saw great, wise, and eminent men snatching at values and quantities and illustrations hastily got up. In the course of a few years reports and returns, which had for long been neglected, began to assume their rightful place in the sphere of political discussion. The Board of Trade Returns became familiar; the Inland Revenue Returns were at last scanned; the Board of Trade *Labour Gazette* was discovered; the Abstract of Labour Statistics was taken down from the shelf. Even more information was demanded; new reports and returns were called for, and the Board of Trade officials found themselves sadly over-worked. Articles of serious interest began to make their appearance in the daily newspapers, and it was discovered by the select with astonishment that there were millions of readers amongst the common herd for what used to be deemed dry, unpalatable, and unpopular subjects.

So the national inquest arising out of the fiscal propaganda brought about a change in the orientation of British politics which led to the framing of the National Insurance Act, and it was the popular interest in the new politics which helped men to understand the meaning of the word "compulsion" in relation to common rules for the general good of society. The time is rapidly passing when politicians will be able to regard the public at large as children to be fed on empty phrases, and as voters to be wooed with honeyed words at election times. The politician is finding that he must at least be as well informed as his constituents when it comes to the discussion of realities. While politics were mainly concerned with unrealities, it was easy to pose as of a superior education. When it comes to the discussion of the principles of an Insurance Act, the average Member of Parliament

finds in his constituency hundreds, if not thousands, of men who, themselves versed in the details of insurance contributions and sick pay, are on more than level terms with their representative. Let me give an amusing concrete illustration. Soon after the Insurance Bill was introduced into the House of Commons in 1911, a Unionist Member put down a question asking whether, if a person contributed under the Act and remained in good health, he would receive no benefit. Here we had an "educated" Member of Parliament showing by his question that he was absolutely ignorant of the nature of sickness insurance, a subject on which he could have been enlightened by hundreds of the humble constituents whose interests he was supposed to represent and to guard.

There are amongst us millions of men who are capable voluntarily of setting up institutions and of framing rules to bind themselves. If we care to examine the meaning of our existing Friendly Societies and Trade Unions, we see that the principle of compulsion, as exercised by men in these democratic societies, is known in practice to large sections of the community. Why, then, should we be surprised when the same kind of people who submit themselves to their own rules and regulations in the matter of a Trade Union or Friendly Society, begin to see that they can do the same kind of work, but with much more effect, through a Parliament, as soon as their voice is effectively heard in it? What, indeed, becomes of the word compulsion in this connection when the thing is born, not merely of consent, but of a happy realization of the virtues of co-operative effort, and of the nature of the common rules necessary to give them effect?

CHAPTER II

OF VOLUNTARY SOCIAL INSURANCES

THE urgent need for insurance against loss of health, and a not improper pride in being at least buried decently, has led to the voluntary insurance of a certain proportion of our 45,000,000 people. So great is the desire to escape the final disgrace of a pauper's grave, and so keen is the army of insurance agents, that there is scarcely a household or tenement in the land which cannot boast of one or more petty burial-money policies. I have found them even in sweating dens where a penny an hour is hardly earned by unremitting labour.

There is a certain amount of available information as to the number of the existing social insurances of the poor. Some of the pertinent facts are clearly shown in the table on the following page. It relates to Friendly Societies, Trade Unions, and Collecting Societies.

A Friendly Society is a mutual help association, the main purposes of which are the maintenance or relief of members or their dependents in sickness or old age and the payment of funeral money for the member and his wife and children. It is largely carried on by voluntary work, and by registration under the Friendly Societies Act it gains certain valuable privileges such as better status, freedom from stamp duties, power to vest securities in trustees, &c. Registration is not necessary, however, and registered societies are not compelled to keep solvent. Thousands of registered societies are carried on in cheerful bankruptcy.

A Trade Union often, but not always, does Friendly Society work in addition to performing its specific function of securing better conditions for labour.

A "Collecting Society" is a mere burial club which employs collectors to go round and gather in the pennies put up by its members. Although not run for profit, it is a costly concern to its members, the cost of management being usually sixpence in the shilling.

It will be seen that these Collecting Societies have a larger membership than the Friendly Societies proper which are recorded in the first two columns of the table, viz., "Ordinary Friendly Societies,"

OF VOLUNTARY SOCIAL INSURANCES 11

FRIENDLY SOCIETIES AND COLLECTING SOCIETIES

YEARS.	(1) FRIENDLY SOCIETIES (properly so called)		(2) TRADE UNIONS Many, but not all, give Sickness and Funeral Benefits.	(3) COLLECTING SOCIETIES (Burial Clubs).
	Ordinary Friendly Societies.	Societies Having Branches.		
NUMBER MAKING RETURNS—				
1898	...	7,161	21,557	1,287
1899	...	7,090	19,341	1,282
1901*	...	7,085	19,920	1,276
1902	...	6,897	20,555	1,244
1903	...	6,924	20,845	1,231
1904	...	6,988	20,819	1,205
1905	...	6,773	20,144	1,202
1907*	...	6,563	20,640	1,211
1908	...	6,518	20,813	1,184
NUMBER OF MEMBERS—				
1898	...	2,725,533	2,555,736	1,688,531
1899	...	2,807,823	2,409,438	1,848,570
1901*	...	2,943,213	2,536,669	1,969,234
1902	...	2,994,480	2,614,822	1,955,852
1903	...	3,059,107	2,613,552	1,933,816
1904	...	3,132,065	2,606,029	1,898,581
1905	...	3,226,672	2,673,246	1,923,868
1907*	...	3,416,869	2,710,437	2,412,611
1908	...	3,473,712	2,704,404	2,379,723
FUNDS AT END OF YEAR—				
		£	£	£
1898	...	18,170,214	18,506,183	Not known.†
1899	...	18,747,273	19,004,596	" 5,207,686
1901*	...	15,045,476	20,527,264	" 5,973,104
1902	...	15,371,573	21,074,981	" 6,551,287
1903	...	15,877,330	22,549,147	" 7,220,932
1904	...	17,042,398	23,446,330	" 7,862,569
1905	...	18,056,640	23,888,491	" 8,469,767
1907*	...	19,846,567	25,610,365	" 9,946,447
1908	...	20,009,658	26,378,572	" 8,471,012†

* Figures for 1900 and 1906 cannot be given.

† The diminution in 1908 is chiefly caused by the conversion of the Royal London Friendly Society into a Company in 1908.

‡ The 100 principal Trade Unions had in 1908 accumulated funds of £5,200,000.

membership 3,473,712, and "Societies having branches," membership 2,704,404. By "Societies having branches" is indicated the great Friendly Societies which are Affiliated Orders, the branches of each possessing a certain degree of autonomy, and being affiliated to a Central Body to form an institution of considerable dimensions. The chief of these Affiliated Orders are the Manchester Unity of Oddfellows, which has about 800,000 members, and the Ancient Order of Foresters, which has about 600,000 members. The "Ordinary Friendly Societies" are true Friendly Societies which do not possess branches, and many of which are exceedingly small local institutions, which, as we shall see presently, are in the majority of cases insolvent.

The Trade Unions had, in 1908, 2,379,723 members; but less than 1,500,000 of these subscribe for funeral money benefit, and probably not 900,000 for sickness benefit. The indefinite character of the available information is, of course, characteristic of our methods of government.

But our table does not exhaust the field of burial money insurance. The Industrial Insurance Companies do an enormous burial business. There are about 21,000,000 petty death policies taken out by poor people with the Prudential and other Industrial Insurance Companies. If we add to them the 6,800,000 memberships of Collecting Societies shown in the table on page 11, and bear in mind also that the 6,200,000 Friendly Society members and the 2,379,000 Trade Unionists mostly subscribe for funeral benefits, we get the extraordinary fact that there are now current some THIRTY-FIVE MILLION petty life assurances, thus :—

NUMBER OF INDIVIDUAL CONTRIBUTORS TO FRIENDLY SOCIETIES,
TRADE UNIONS, COLLECTING SOCIETIES, AND INDUSTRIAL
INSURANCE COMPANIES IN RESPECT OF PETTY LIFE INSURANCE
OR FUNERAL MONEY.

	Number.
Friendly Societies 	6,200,000
Trade Unions (say) 	1,500,000
Collecting Societies 	6,800,000
Industrial Insurance Companies (say) ...	<u>21,000,000</u>
 Total 	 <u>35,500,000</u>

Even this gigantic total understates the number of actual insurances, since Friendly Society subscriptions often cover a joint life insurance of the member and his wife. But, to disregard that point, the total is huge enough, and shows how widely funeral benefits are subscribed for. The explanation is a very simple one, unfortunately. It is not alone that poor people are anxious to insure themselves, their wives and their children against the *only certainty in the life of a workman*.

It is that an army of collectors gain an uneconomic livelihood in going from door to door persuading the poor to insure themselves and all their relations, from their aged parents to their latest infants, in a Collecting Society or Industrial Insurance Company. These collectors are paid by commission, and their eagerness will therefore be understood. The trade is of huge dimensions, as will be gathered from the number of policies, and tens of thousands of men are engaged in it. As need hardly be explained, the cost of collection forms a very large proportion of the premiums collected. In the case of Collecting Societies, we know from the returns made to the Registrar that out of each £1,000 collected, as much as £499 is wasted or almost entirely wasted in management expenses! A very large part of the sixpence in the shilling is accounted for by collectors' commissions.

So much is this collecting business a "trade," that collecting books are freely bought and sold, according to the value of the "round" in commissions. You can buy a "book" for £50 or £100, and start earning your living as a collector with a sort of acquired goodwill. As for the shareholders of the Industrial Companies, they sometimes make princely profits. Huge fortunes have been built up out of the pence of the poor.

It should not be thought that the figure 35,000,000 stands for the insurance of 35,000,000 distinct individuals; many people are insured over and over again, and it is to be feared that many quite illegal and improper insurances are entered into every year, and that thousands of improper policies exist at this moment. The system, indeed, is crowded with evil things, and it ought to be promptly reformed by Parliament. It would be an excellent business proposition for the poor if it were abolished, and if we substituted for it a compulsory insurance for funeral benefit, the contributions of which would cost a mere trifle to collect, and which would therefore save the working classes perhaps £1,000,000 a year. Of course this ought not to be done without compensating the collectors for the loss of their livelihoods, but that could be easily done and yet leave the abolition of the trade an excellent national investment from a financial point of view.

I pass from industrial life insurance to industrial health insurance, and in doing so, direct attention to the important and interesting records of the Friendly Societies which are printed on pages 11, and 14-17.

In judging of the progress of Friendly Societies, in the table on page 11 regard should be paid chiefly to the first two columns, which deal with the Friendly Societies proper. It will be seen that while they have made considerable progress in the period reviewed, they have not grown like the Collecting Societies, whose activities

UNITED KINGDOM FRIENDLY SOCIETIES AT THE END OF 1905.

NUMBER OF SOCIETIES, MEMBERSHIP, ADMISSIONS, DEATHS, AND LAPSES.

	Number of Societies and Branches.	Number of Members.			
		Admitted in 1905.	Died in 1905.	Lapsed, &c., in 1905.	At the end of 1905.
<i>England & Wales :</i>					
Affiliated Orders ...	18,215	157,571	28,178	128,406	2,332,599
Other Societies ...	6,484	242,927	31,150	163,388	3,073,556
Total... ...	24,699	400,498	59,328	291,794	5,406,155
<i>Scotland :</i>					
Affiliated Orders ...	1,862	42,843	2,660	33,890	322,356
Other Societies ...	246	6,431	1,598	5,081	108,768
Total... ...	2,108	49,274	4,258	38,971	431,124
<i>Ireland :</i>					
Affiliated Orders ...	293	3,387	186	2,730	18,291
Other Societies ...	288	5,695	756	4,740	44,348
Total... ...	581	9,082	942	7,470	62,639
<i>United Kingdom :</i>					
Affiliated Orders ...	20,370	203,801	31,024	165,026	2,673,246
Other Societies ...	7,018	255,053	33,504	173,209	3,226,672
Grand Total...	27,388	458,854	64,528	338,235	5,899,918

UNITED KINGDOM FRIENDLY SOCIETIES AT THE END OF 1905.

MEMBERSHIP, INCOME, AND EXPENDITURE.

	Membership at the end of 1905.	Contribu- tions and other Receipts.	Benefits Paid.			Manage- ment Expenses.
			Sick.	Death.	Total, including Miscellaneous.	
<i>England & Wales :</i>						
Affiliated Orders	2,332,599	3,489,766	2,200,246	443,091	2,744,884	443,582
Other Societies	3,073,556	3,197,898	1,589,459	367,588	2,617,214	339,819
Total ...	5,406,155	6,687,664	3,789,705	810,679	5,362,098	783,401
<i>Scotland :</i>						
Affiliated Orders	322,356	379,719	227,889	34,423	269,673	52,433
Other Societies	108,768	88,319	38,433	13,545	62,325	10,468
Total ...	431,124	468,038	266,322	47,968	331,998	62,901
<i>Ireland :</i>						
Affiliated Orders	18,291	21,549	13,640	2,625	17,757	6,068
Other Societies	44,348	43,179	9,355	4,657	38,184	4,147
Total ...	62,639	64,728	22,995	7,282	55,941	10,215
<i>United Kingdom :</i>						
Affiliated Orders	2,673,246	3,891,034	2,441,775	480,139	3,032,314	502,083
Other Societies	3,226,672	3,329,396	1,637,247	385,790	2,717,723	354,434
Grand Total	5,899,918	7,220,430	4,079,022	865,929	5,750,037	856,517

are stimulated by large commissions on small contributions. The great Affiliated Orders have grown but little. An account of the progress in recent years of some of the greatest of our Friendly Societies is printed below, and it will be seen that the main advance has been made by the temperance and great centralized societies. In recent years the membership of the Manchester Unity, the Foresters, and some other well-known Orders, has regrettably fallen off, and it would almost appear that they have reached the limits of their development. No doubt the extraordinary activity of the collecting funeral-money companies and societies has had something to do with checking the progress of the true Friendly Societies and their excellent social work.

FIFTEEN YEARS' PROGRESS OF THE GREAT FRIENDLY SOCIETIES.

Society.	1895.	1905.	1909.
	Members.	Members.	Members.
<i>The Great Affiliated Orders :</i>			
Manchester Unity of Oddfellows ...	665,233	754,239	749,363
A.O. Foresters	654,628	651,681	608,728
I.O. Rechabites, Salford Unity ...	103,045	175,639	206,112
L.O.A. Shepherds, Ashton Unity ...	109,782	125,026	121,803
National Independent Oddfellows ...	55,283	60,934	59,300
N.U.O. Free Gardeners ...	55,515	58,803	53,467
U.A.O. Druids	39,732	54,341	51,879
The Order of Druids	44,460	71,242	66,162
B.O.A. Free Gardeners... ...	37,356	46,920	45,472
Nottingham O. Oddfcllows ...	41,521	39,111	36,648
Sons of Temperance	34,894	82,235	94,694
<i>The Great Centralized Societies :</i>			
Hearts of Oak	205,748	284,063	301,154
Rational Association	77,406	98,912	98,635
National Deposit	16,290	138,962	201,849

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In the table on page 14 an interesting account is given, for the latest year available, 1905, of the variation in membership in that year. It will be seen that in the United Kingdom in 1905 the following changes in membership occurred :—

New Members were admitted	...	...	...	...	...	458,854
Members died	...	...	...	...	...	64,528
Members lapsed or were expelled	...	...	...	...	...	338,235
The gain of membership was therefore only	...	...	...	...	...	56,091

THE FOURTEEN CHIEF FRIENDLY SOCIETIES, 1909.

Society.	Adult Male Mem- ber- ship.	Income.	Accumulated Funds.	Total Benefits Paid.	Sickness Benefits Paid.	Death Benefits Paid.
<i>The Great Affiliated Orders :</i>						
Manchester Unity of Oddfellows	749,363	1,621,627	12,325,379	1,009,321	767,171	135,676
A.O. Foresters	608,728	1,236,274	8,049,271	919,388	629,737	145,384
I.O. Rechabites, Salford Unity	206,112	367,496	1,386,394	314,771	207,523	25,185
L.O.A. Shepherds, Ashton Unity	121,803	217,883	1,096,272	172,442	100,788	21,380
Natl. Indt. Oddfellows ...	59,300	89,589	398,121	53,174	40,330	12,039
N.U.O. Free Gardeners ...	53,467	86,026	240,044	82,725	44,323	9,664
U.A.O. Druids	51,879	73,611	319,651	59,876	40,550	10,110
The Order of Druids ...	66,162	108,291	199,659	82,934	68,981	10,914
B.O.A. Free Gardeners ...	45,472	81,790	324,188	47,819	38,589	7,014
Nottingham O. Oddfellows	36,648	56,033	238,311	46,030	27,984	11,085
Sons of Temperance ...	94,694	135,248	414,947	83,848	66,877	8,911
<i>The Great Centralized Societies :</i>						
Hearts of Oak	301,154	722,340	3,781,165	528,833	408,449	68,215
Rational Association ...	98,635	152,505	565,600	122,382	87,022	16,364
National Deposit ...	201,849	307,355	1,125,097	172,602	76,434	2,039

Here we put our finger upon one of the chief weaknesses of the Friendly Society system. We see three memberships lapsing for every four new memberships added in a year. It is a sad illustration of the uncertainties which crowd the life of the working man. It is exceedingly difficult for a large proportion of workmen to maintain their subscriptions. To obtain a sickness plus funeral benefit worth having, in a safe Friendly Society, costs a sum which is no small fraction of a working-class income. Doubtless many more could afford such contributions than at present pay them, but let us not forget that the normal conditions of life of the majority of workmen is such as to breed unthriftiness.

From the facts given in the tables referred to, which are derived from the reports of the Chief Registrar of Friendly Societies, and may be accepted as authoritative, we can endeavour to judge what proportion of the population is insured for sickness benefits.

We see that in 1909 the true Friendly Societies had about 6,200,000 members. These are not 6,200,000 individuals, however, for a considerable proportion of Friendly Society members belong to more than one society. On the other hand, we have to add for a certain proportion of Trade Unionists, perhaps 900,000, who subscribe for sickness benefit without doctoring. It is possible that, between Friendly Societies and Trade Unions, there are from 4,500,000 to 5,000,000 individual persons nominally insured for a certain payment per week in time of sickness, and most of them for medical treatment also. It is a number small indeed when compared with the size of our working population, for, be it remembered, we have about 19,000,000 persons engaged in occupations for gain whose incomes do not exceed £160 a year, and of these some 15,500,000 are manual workers or wage-earners.

In addition to these 4,500,000 to 5,000,000 persons, who are nominally insured for sickness benefits of some kind, there are a few millions more who contribute more or less regularly for some sort of medical aid. There are provident dispensaries, works clubs, medical aid societies, and so forth, which give real or sham doctoring for various small sums. This, of course, is not a true sickness insurance, and its value will be judged when we come to examine the poor man's doctoring.

In speaking of the 4,500,000 to 5,000,000 persons who subscribe for sickness benefits, I was careful to use the expression "nominally insured." I did so because it is regrettably true that a considerable proportion of our Friendly Societies are insolvent, and that their members possess no guarantee that they will receive the benefits they are subscribing for when they come to want them.

FINANCIAL POSITION OF SMALL FRIENDLY SOCIETIES.

FIRST PAGE OF VALUATION RETURNS MADE IN 1910.

Name of Society.	Date of Establish- ment.	Number of Members.	Year of Valua- tion.	LIABILITIES.		Surplus.	Estimated Present Value of Contribu- tions.	ASSETS.		Deficiency.	Refer- ence to Foot- notes.
				£	£			£	£		
BEDFORDSHIRE.											
Sharnbrook Benefit Union	1829	59	1908	£ 880	£ 100	£ 157	£ 501	£ 600	£ 96	£	A
Bletsoe Friendly Society	1834	55	1908	1,140	313	—	782	659	—	13	A
Aspley Guise Benefit Society	1839	68	1909	1,172	66	—	434	333	—	461	A
Old Baptist Meeting Friendly Society	1843	65	1909	1,863	161	—	592	315	—	1,157	A
Tingrith Friendly Society	1846	241	1907	6,368	275	—	2,756	2,578	7	1,303	—
Parrots Piece Friendly Society	1874	34	1909	635	41	—	398	35	10	303	A
Wrestlers' Friendly Society	1886	74	1908	1,932	1	—	674	968	99	352	—
Keysoe Friendly Society	1848	204	1909	4,007	—	—	1,819	1,377	—	811	—
BERKSHIRE.											
Long Wittenham Friendly Society	1826	99	1909	4,954	527	—	2,495	1,873	—	1,113	B
Know Hill Friendly Benefit Society	1841	38	1909	1,328	463	—	948	886	—	587	—
Aldermaston Friendly Society	1841	41	1909	1,071	4*	138	271	942	—	—	—
Abingdon Provident Institution	1843	362	1909	11,726	16	1,169	5,492	7,419	—	396	—
Lambourn Mutual Aid Society	1855	44	1909	968	—	—	391	181	—	—	—
White Waltham Friendly Benefit Society	1855	123	1909	3,170	—	—	1,505	1,573	—	92	A
Reading Benefit Institution	1855	108	1909	4,132	—	615	2,077	2,680	—	—	B
Craven Arms Friendly Society	1846	55	1909	1,325	—	—	605	188	—	772	A
Widow and Orphans' Fund, Reading District I.O.O.F., M.U.	1866	264	1909	1,942	726*	436	745	2,359	—	—	B
Berks Constabulary Mutual Assurance Association	1871	275	1909	9,604	516*	5,145	2,749	12,516	67	—	A
Wickham Sick Benefit Society	1875	48	1909	1,481	30	—	370	204	—	820	—
BUCKINGHAMSHIRE.											
South Bucks Friendly Society	1832	733	1909	23,624	5,744*	3,994	10,117	23,445	—	—	B
Russell's Arms Benefit Society	1797	65	1907	1,745	241	—	721	225	320	A	—
Swanbourne Benefit Society	1843	95	1909	1,465	188	—	902	611	183	67	A

A. The Society charges uniform contributions for all ages at entry. B. Valuation made by one of the public valuers under the Friendly Societies Act.
 * Including negative values.

The law imposes no obligation upon a Friendly Society to keep itself solvent. It has to make returns, and that is all. It is a comical illustration of old-time legislative method, but an exceedingly serious thing for the poor. It is a pressing need that every sort and kind of institution which takes the people's money for investment should be put under Government control. Every year brings its major and minor crashes. Every year a hundred or two of small Friendly Societies collapse; every year slate clubs smash in considerable numbers; rarely a year passes without a large scale catastrophe like the Liberator swindle, or the Charing Cross "Bank" criminal misrepresentations, or the Birkbeck honest misjudgment.

Few people are aware of the deplorable position of our minor Friendly Societies as a whole. I cannot find in the obscure documents published by the Registry of Friendly Societies a complete recent valuation account, but there is published year by year a full account of the valuations returned *in the year* (Part A, Appendix O of the Report of the Registrar-General of Friendly Societies), and they are sufficient for our purpose. In the following table I show the financial position of the Friendly Societies which made returns in the year 1910:—

FINANCIAL POSITION OF SOME OF THE SMALL FRIENDLY SOCIETIES.

SUMMARY OF RETURNS MADE IN THE YEAR 1910.

	SOCIETIES WITH SURPLUSES.		SOCIETIES WITH DEFICIENCIES.	
	No. of Members.	Total Surplus.	No. of Members.	Total Deficiency.
England	196,374	£ 330,055	520,739	1,515,815
Wales	1,793	7,814	10,161	115,854
Scotland	9,970	15,847	6,787	57,622
Ireland	169	3,522	544	2,250
Total	208,306	356,738	538,231	1,691,541

The Friendly Societies reported on possess in the aggregate, it will be seen, 746,537 members.

Of these 746,537 members, 208,306 belonged to solvent societies and 538,231 to insolvent societies!

- It is a sad business. The 208,306 insured members have an aggre-

gate surplus of £356,738; the 538,231 uninsured members have an aggregate deficiency of £1,691,541. The proportion of really insured members in the societies making returns in 1910 is seen to be less than one in three.

The point is of so much importance that I give on page 19 the opening page of the official White Paper detailing the societies included in the summary I have just given. The details in this page will show what an exceedingly unsatisfactory position many of our small societies occupy. We see little benefit clubs, meeting in schoolrooms, mission-rooms, and sometimes in public-houses. Fifteen out of twenty-two of them are insolvent. In this single page of the Return the societies with surpluses have 1,842 members, while the societies which are insolvent have 1,298 members. This is above the average page of the Return in point of solvency, but even so it is a depressing picture of small thrift institutions.

We see that we cannot flatter ourselves that even as many as 4,000,000 of our great working population are insured in a business-like way for sickness benefit. We see an urgent need for the strong arm of the State to stretch protectingly over the interests of those who already subscribe to sick clubs, and we see the great necessity which exists for making provision on a large scale for the great majority who do not even belong to sick clubs of any sort, solvent or insolvent. Day by day hard-working families are being pulled down because when sickness assails the breadwinner there is no succour for the afflicted. Day by day men who ought to lay up and get well are compelled by economic necessity to remain at the mill or the shop or the forge when they should be renewing their health. Day by day consumption is making its insidious way in the lungs of thousands of our fellow-creatures when we have power to arrest its ravages and in many cases to save its victims from an early death. We can if we will make a national sick club which shall prove the virtues of co-operative endeavour for our teeming millions every year. The case for State action is seen to be unanswerable. It is strong in regard to industrial life insurance ; with regard to health insurance it is overwhelming.

It remains to deal with insurance against accidents. In the United Kingdom we have a Workman's Compensation law which says, "If in any employment personal injury by accident arising out of and in the course of employment is caused to a workman, his employer shall be liable to pay compensation," and we leave the workman to get his compensation if he can. *There is no real national accident insurance in the United Kingdom.* In thousands of cases men fail to get compensation, or are worsted in combat with the Insurance Companies who relieve employers of their risks. Trade Unionists are well advised on such

THE CASE FOR COMPULSION

matters but, as we have seen, there are only 2,300,000 Trade Unionists while we have 15,500,000 wage-earners besides millions of salaried persons now within the law.

There is great need for the substitution of the sensible German system of compulsory accident insurance for our laws which piously define employer's liability and leave the rest to the play of natural (and unnatural) forces. I shall return to the subject in greater detail in connection with the whole subject of German Social Insurance.

CHAPTER III OF THE POOR MAN'S DOCTORING

THE establishment of voluntary thrift institutions which count amongst their functions the supply of medical aid to their members has called into existence a thing partly good and partly evil—Contract Medical Practice.

There is nothing inherently bad in this thing, but existing conditions are such that there can be no doubt that in a certain proportion of cases in connection with it commercialism has worked havoc with the medical profession.

In "Unto This Last" Ruskin pointed to the "due occasion" of death for the members of five great professions: the Soldier's, whose profession it is to defend, to die rather than leave his post; the Pastor's, whose profession it is to teach, to die rather than teach Falsehood; the Physician's, whose profession it is to heal, to die rather than to leave his post in plague; the Lawyer's, whose profession it is to enforce justice, to die rather than countenance Injustice; the Merchant's—ah! what was his due occasion of death? Ruskin's answer was, to maintain, to the point of death, the duty of Providing good things and true things for the economic necessities of his country.

And what of the Doctor who is compelled by circumstance to become a Merchant? Ruskin did not treat of him, but he exists. What of the Doctor who, in a society where merchants have no "due occasion of death," but who are esteemed to be out for gain at the least expenditure of labour, is forced to play the rôle of merchant? It goes hard in many cases with such a man.

Friendly Societies are composed of poor men who earn at the best scanty wages and at the worst sweated wages. It is doubtful whether, in all our 45,000,000 of people, which include some 13,000,000 of adult men, there are as many as 1,000,000 who earn 35s. a week and upwards. Construct a family budget how we will, there is little that can be spared from wages as we know them to afford remuneration for

medical attendance. The average Friendly Society member must not be blamed if he thinks of a doctor's pay in terms of the scale of his own wages. It would be surprising if he did not do so. To the average British working man £300 a year appears a princely income.

The under-payment of labour leads naturally to the under-payment of those who serve labour, and as a natural consequence of low wages, combined with competition on a commercial basis amongst medical men struggling to keep their heads above water, the customary rates at which doctors are paid by sickness insurance institutions have become very low. It is a subject which has engaged the attention of the medical profession for years past, and in 1905 the British Medical Association issued a most interesting report on the subject, entitled "An Investiga-

ANALYSIS OF RATES PAID TO DOCTORS IN
CONTRACT PRACTICE.

Per Adult Male Member per Annum.	No. of Cases.	Per Cent. of whole.
2s. and under 3s.	135	8·25
3s. , , 4s.	256	15·60
4s. , , 5s.	864	52·64
5s. and over	386	23·51
Total	1,641	100·00

tion into the Economic Conditions of Contract Medical Practice in the United Kingdom."

Save in cases where certain Friendly Societies have combined to establish Medical Institutes or Alliances which employ practitioners at a fixed salary to attend all the members in a town or district, the usual practice of sickness institutions is to make a contract with a medical man to attend their members on the basis of a payment per member per annum, the contract almost invariably including the supply of medicines as well as attendance. That is to say, the doctor gets a definite payment for each member, ill or well, and takes his chance as to what calls will be made upon him.

In some cases an incredibly low rate per head is paid; instances are not uncommon in which it has fallen to 2s. The fact throws a flood of light upon what the struggle for life means even to professional men in a noble calling. It is difficult to imagine

how a doctor can undertake to attend and supply medicine, even perfunctorily, to a circle of 500 patients for the inclusive sum of £50 a year, but the thing is done.

Let us see what rates of remuneration are actually paid in a representative number of cases. The British Medical Association obtained particulars from 856 practitioners engaged in contract practice who, between them, served 1,641 Friendly Societies and similar sickness clubs. The rates of payment in these cases were as shown in the table on page 24.

Thus, in 23·85 per cent. of the cases reported on, the payment per head was less than 4s., and in 76·5 per cent. of the cases it was less than 5s.

To put it in another way, in only 23·5 per cent. of cases was it over 5s.

All these particulars refer to duly qualified medical practitioners; I have heard of cases, however, in which unqualified men are contracted with.

The medical men who made the returns in many cases accompanied them by expressions of opinion on contract practice. The views abstracted in the report differ widely, from complete satisfaction to complete disgust. Of the 856 doctors who reported, only 165 expressed themselves as satisfied with the rates they received. Others, to the number of 389, made definite suggestions as to what rates (per head per annum, apparently including the supply of medicine) they considered they ought to be paid. These 389 suggestions are thus analyzed by the Association:—

SUGGESTIONS BY CLUB DOCTORS AS TO FAIR RATES OF
REMUNERATION.

Per head per annum.	No. of Doctors Making Suggestion.						
4s. or less	31
5s.	145
4s. to 6s.	52
6s.	78
8s.	22
10s.	23
Sums between 5s. and 10s.	29
12s.	5
Over 12s.	4
							—
							389

The weighted average of these suggestions works out at rather less than 6s.

At first sight it would appear surprising that so many of these

practitioners named rates no higher than 4s., but we have to bear in mind that contract practice at least affords a certainty of income from working-class patients in place of an uncertain income and an accumulation of debts impossible of recovery. And many of them doubtless had in view what one of them describes as "foes of our own household"—medical men ready to compete at any price. The above figures give a fairer idea of the report as a whole than quotations of individual opinion can do, but it is of interest to set out some of the divergent opinions expressed.—

A Renfrewshire doctor :—

"The sole reason why medical men nowadays take to do with Friendly Societies is to feed their private practice. It gives a new-comer and a young man a start and an introduction to families. The expenses practically eat up most of the profit, but yet for above reasons they are eagerly sought after."

A doctor in district unnamed :—

"I get on fairly well with my clubs and have a strong feeling that all working men should join those great Friendly Societies as being an insurance in days of sickness. Moreover, it is the fairest way for the doctor, who simply insures the man and takes his risk. . . . Above all, when a man has a long illness, the doctor either gets nothing, or too small a fee, or if he be a hard-hearted, cold-blooded man, extorts from poor persons money which ought to be spent on food, wine, or change of air. . . . I am of opinion that a working man who pays 5s. per annum for attendance and medicine for himself is equitably treated."

A Leicestershire doctor :—

"In a manufacturing town it is absolutely necessary to have sick clubs and medical officers paid at contract rates, or we should have to work for nothing and keep a clerk to keep our books, for the overdue accounts would be enormous."

A Yorkshire doctor :—

"Most of the members in this district are in two clubs, and pay the doctors' fee for both; they therefore pay 6s. a year for their doctors. It would be more satisfactory if there were a common medical fund, and every member of a society were to pay 5s. a year into it, and choose the doctor in the district whom he wished to attend him in case of sickness, each doctor to be supplied with a list of those members who wish him, and the doctor to be paid 5s. for every name on his list."

Another Yorkshire doctor :—

"The medical men in this district combine, and the clubs we have pay us 5s. per annum per member. The other clubs formed a Medical Aid Association, and imported two blacklegs at about one halfpenny per week per member, including women and juveniles."

An Essex doctor :—

"I consider that even at 4s. per annum I am much better paid for the amount of work I have to do for these clubs than I am paid by the Guardians for attendance on the paupers."

A Lancashire doctor :—

“Last year all the medical men gave notice to the different societies that they could not further do the work at 2s. 6d. per head, and struck for 4s. The societies held out, and have got an outside medical man to come to the town and do the work at their terms.”

A Stafford doctor :—

“I may mention that I was the Medical Officer to a . . . club with a varying membership of 750, for which I was paid 4s. for every member on the books during the year. I kept a strict account of the work done for three consecutive years (one year comprising a very bad epidemic of influenza), and, averaging for three years, I was well in pocket, the influenza year about balancing itself.”

A Scottish doctor :—

“If a Medical Officer keeps his place with members and office-bearers, and is careful to admit none but healthy applicants, my experience is that the duties are very light, and friendly relations are easily maintained, especially as healthy members mean increase in funds.”

A London doctor :—

“Friendly Societies, in my opinion, are doing a splendid work, and when the Medical Officer gives reasonable attention to the members, are very desirable appointments. By far the larger part of the work is done at home; 75 per cent. of the cases give little trouble.”

A Derbyshire doctor :—

“I sincerely hope that the whole villainous system of contract medical practice may be abolished.”

A West Yorkshire doctor :—

“If clubs are done away with the people would go to the hospital or to the chemist and very often to quacks.”

A doctor in place unnamed :—

“I think that the sum of 5s. would just about bring in what the present rate for private practice (minus had debts) brings in from the same class. I think the contract principle should be abolished; . . . if all the Friendly Societies pooled the sum of 5s. per man per annum, I believe they could get any medical man to attend and pay him, say, 2s. per attendance; . . . have kept figures very carefully.” (This doctor then shows that in the six years 1889–1904 he received £148 from clubs, and made in return 1,922 attendances upon their members, which works out at 1s. 6½d. per attendance.)

A doctor in place unnamed :—

“I have steadily refused clubs, quarries, or Friendly Societies, as I consider the remuneration paid for them degrading. Recently another medical man has come here, who began by starting by a private club, at the rate of 1s. per month per family.”

A doctor in place unnamed :—

“Of course, a club doctor has a tremendous pull over a man who will not condescend to that work, by the introduction he gets to their wives and families.”

A doctor in place unnamed :—

"I think the general system of clubs, so far as known to me, utterly unsatisfactory: (a) giving work at absurdly unremunerative fees; (b) tending in some cases to cause individual carelessness on the part of the club doctor; and (c) hurtful to the respect due to the profession and to its individual members. As regards the second of these points, it may be instanced by the fact of a doctor telling me that his wife frequently dispensed mixtures of peppermint water with cochineal, or of chloroform water with cardamoms, when he was out or was too tired or too lazy to trouble about the case. As for the effect on club members, I have been told by a patient that he could have gone to his club doctor, but that he did not think he could get much for 9d. per quarter, and that he preferred to pay me a fee and get his medicine from a druggist."

A Lancashire doctor :—

"I have had these clubs for twenty years, and I attribute my small amount of work done to extreme care in examining candidates for admission, and to the hospitals taking most accidents off my hands."

Another Lancashire doctor :—

"For the last ten years I have refused to have anything to do whatever with Friendly Society clubs or provident associations. They are a great detriment to the medical profession, and in no way benefit the sick poor."

A Scottish doctor :—

"We doctors in . . . made a joint demand for an increase from 2s. 6d. to 3s. per member, including medicine. . . . Our demands were refused, and a Friendly Societies Council formed, under which all the societies in the town (13) were amalgamated. They advertised for a doctor, got numerous applications, had not the slightest difficulty in getting a Medical Officer, and we were hopelessly defeated, and have since been reduced to the condition of helpless paralytics."

Here is an interesting medley of opinions which, together with the summary of returns which I have quoted, leave a somewhat unpleasant impression upon the mind. It is especially distasteful to see the numerous references to blackleg practitioners ready to underbid their professional brethren. It is also deplorable to find working men, who suffer so much themselves from the under-selling of labour, betrayed by their own position into tempting one doctor to undersell another.

There is no doubt that in what is an over-crowded profession (the fact is, of course, that all soft-handed ways of getting a living are over-crowded and becoming increasingly so, but that is another story) there is evidence that there exist hundreds if not thousands of doctors who are prepared to work for £300 a year, £200 a year, or less. Such rates are commonly paid, indeed, by the Friendly Societies' Medical Institutes which have been established in so many of our big towns, and which now serve 300,000 Friendly Society members. A statement before me issued by the Friendly Societies Medical Alliance Council shows

that these Institutes have been established in about seventy-five towns, and that in about one-half of them they have buildings of their own. These Institutes employ the whole time of tame medical practitioners, and their Council claims that their officers are "not sweated," and work in harmony and accord with them. The secretary of one of these Institutes having communicated with me, I took the liberty of asking him to tell me what was paid by his Institute to its Medical Officers, and in reply he said (July, 1911):—

"In reply to your inquiry, the Senior Medical Officer of this Institute receives £300 per annum and his residence free. The Assistant Medical Officer receives £220 per annum, but no residence. In addition, the Committee provide a carriage for each of them to visit the patients, and provide all drugs and medicine which they may prescribe. The club members pay 4s. per member per annum to the Committee for services of the doctor when necessary, and the wives and children are charged a graduated contribution on the same scale for services when required. Of course, you will readily understand they do not all require medical treatment in any one year. There are 4,108 society members and 4,629 wives and children on the books."

In another communication this same Institute informed me that—

"Our Medical Officers are *not sweated*. This statement is made by some Medical Practitioners in private practice who are not in sympathy with our Friendly Societies. Their contracts have been arranged by mutual agreement. Our Senior Medical Officer has been with us twelve years, the Assistant Medical Officer four years, and the Dispenser ten years. We claim that the Medical Officers of our Institutions are entitled to equitable consideration under the State Scheme."

Let us think what this means from both points of view. The Institute thinks its officers well paid because they accept its salaries and have been in their situations for some years. The Governors of the Institute should reflect that when they use that argument they are using the common argument of employers. Behold, says the railway company, we have paid such-and-such wages for years, and thousands are eager to enter our employ. In each case the argument is of the same value; it is based upon the fallacy that because men can be found to work for a certain wage that wage is just.

On the other hand, we see that a payment by male members of 4s. per member per annum, and less than 4s. by wives and children, is sufficient to maintain a building, to pay two doctors, a secretary, a qualified dispenser, to buy all necessary drugs, and to keep up two carriages, the doctors being paid, the one £300 plus a residence, and the other £220 without a residence. There are 8,737 men, women, and children to be attended by the two doctors, or 4,360 each per annum.

It seems heavy work. From other statistics supplied by the Institute I get the following facts as to a year's work :—

Visits of patients at consulting room	...	...	24,992
Visits to patients at their homes	...	...	6,026
Midwifery cases	...	...	97
Prescriptions dispensed	...	...	56,320

Thus, apart from cases of confinement, the two Medical Officers have to treat between them 68 patients per day at the consulting-rooms, and nearly 17 patients per day at their homes ! They have also between them to attend a confinement once every four days, to say nothing of visits before and after confinement. It is clear from these facts that a great deal of work is done for very little money. If we take the confinement cases to cost only four visits each, the two doctors give between them 31,406 consultations in a year for £560, calling the house worth £40. This means 4d. per consultation !

Observe, however, that if 2s. per head per annum more was paid by the 8,737 people, that would yield an additional income of £670 per annum, which would serve both to employ another assistant officer and to raise the remuneration of all three officers.

Unfortunately, there are worse things in the United Kingdom than 3s. per head Friendly Society patients, and £300 or £200 whole-time Institute doctors. There are the Medical Aid Societies organized as commercial speculations for the profit of their promoters. The beneficiaries have no voice in their management. Canvassers are employed to induce poor people to subscribe to them, and no small part of the payment goes to the canvasser to maintain him in what is really worse than idleness. It is a form of enterprise which is as great an evil for the poor as it is for the medical profession.

I confess that I have found the recital of the details of this chapter an exceedingly distasteful task. The medical profession, perhaps more than any other, is one in connection with which sordid considerations should be out of the question. It is a melancholy thing that so many men who entered a great calling with high hopes of service should be reduced to the dull drudgery of a round in which patients are so much (or so little) a head. It is not well that poor men and women should lack the care they need, even while thousands of "duly qualified medical men" are either waiting hungrily for patients or driven to underselling themselves in an overstocked market of medicos.

CHAPTER IV

OF THE ECONOMY OF NATIONAL HEALTH INSURANCE

WHEN it comes to the decision that we are to have a National Health Insurance, there is room for considerable difference of honest opinion as to how it should be paid for. The division of opinion is by no means as between Socialists and Individualists. I have heard both Socialists and non-Socialists argue on different grounds that the whole burden should be borne through taxation applied according to the ordinary canons of taxation. As a matter of fact, it is the State control of the thing itself which is the main point; the manner of paying, whether it be by way of contributions by employers and employed, or by a draft on the Treasury, or by a combination of contributions and taxation, is a secondary matter. When a State enters into the insurance business, or the railway business, or the postal business, or the army business, or any other business, it performs an act of Collectivism, and the fact is not altered one whit by the particular method which is adopted of causing the beneficiaries to contribute.

Let us consider this in detail. A Government establishes a Post Office and carries on the business of delivering letters, packets, telegrams, &c. Whether the State decides to carry on the business by individual contributions for services rendered, as is actually done in all countries at this moment, or whether it makes the Post Office as communal as the highroad and levies taxation to support the business as a whole is a matter of detail, not of principle.

A Government decides to carry on the business of railways. A nationally owned and controlled railway business, as is now established in Germany, or Switzerland, or Austria, or India, or Australia, is Collectivism. It is Collectivism if the State decides to carry on the business by demanding fares or tolls from those who use the railway, and it is equally Collectivism if it makes the railway "free" to all and charges all for it by taxation.

A Government establishes and controls an insurance system. That is Collectivism. It is Collectivism when the Government

asks the direct beneficiaries to pay premiums for their insurance, and it is equally Collectivism, but merely a different method of applying Collectivism in detail, if it insures the people and makes a general levy by taxation instead of asking for individual premiums.

I may point out that municipalities commonly employ both methods of putting public ownership into practice. For example, London has a publicly owned tramway service and a publicly owned water supply. In the case of the tramway service, the Tram Authority asks the direct beneficiaries to buy tickets in payment for the journeys they take. In the case of water, the Water Authority lays you on water whether you want it or not, and levies compulsorily a little simple thing called a water rate; that is to say, it taxes rich and poor on a graduated scale for water, so that the rich pay more than the poor for the same or even for a smaller amount of water.

The amusing arguments we have had on the one hand from alleged Socialists who oppose contributory insurance, and on the other hand from stern Individualists who accuse contributory insurance of being rank Socialism, merely arise from a confusion of thought which is only too common amongst people who neglect to go behind cant phrases to the real meaning of things. We may put aside the question of Socialism in this connection, because, when we decide upon State-controlled insurance, the details of payment become merely a matter of expediency according to the needs of the time.

It is not for nothing that those nations, and they are many, who have put national health insurance into practice, have decided in favour of a scheme which combines in various proportions contributions respectively by the employed, the employer, and the taxpayer. Some sort of payment by the insured person, or, to strip the thing of customary words and to say what it means, *some sort of work in return for work*, must necessarily be given, whatever the system adopted. There is much to be said for making it as definite a payment as when a citizen buys a railway ticket on a national railway service. There is more need from the point of view of arranging a system in which the insured persons themselves are to manage and safeguard the details of the public insurance system. This point of view is modified, however, by the obvious justice of arranging that the employer, who uses the best years of certain working lives for his particular and individual advantage, and who has a direct responsibility for, and interest in, the health of his workpeople, should contribute in respect of them. It is a responsibility and an interest which in all countries have long been recognized by the best and wisest employers. There is a third consideration of importance, and it is that in a complex society where many, but not all, are employers or employed, and in which all have

a common interest in the general health, there should be a general levy towards the special purpose of insurance.

Working on these broad lines, the arrangement of details must necessarily be in some degree arbitrary, but not more arbitrary than a scheme of general taxation for the same purpose would be. In different countries different proportions have been arrived at, just as in matters of income tax or death duties, but the general idea has been pretty much the same.

It is of interest to examine (1) the incidence of contributions levied in the manner which, as I have said, has been commonly adopted in national insurance, and (2) their effect upon production.

What is it that we really do when we deduct x pence from wage through the employer, and at the same time exact y pence from the employer, compelling him to stick an x plus y stamp upon his man's insurance card? Virtually we compel the employer to raise wage by y pence. This would not be the case if the employer had, in the normal case, power to deduct the y pence from his employee's existing wage. There must certainly be a few cases where he has power to do so, but (1) the existence of trade unions, (2) the fear of provoking an immediate strike, trade union or no trade union, (3) the force of public opinion, and (4) the happy fact that "social affection," to use a phrase from the opening of "Unto This Last," makes it impossible for the average employer to do such an obviously mean and shameful thing, are between them sufficient to ensure that, in the general case, which is the case upon which we have to fix our minds, the y pence is not deducted from wage, and the virtual effect is to raise wage by y pence.

An increase in wage is a new element in cost of production, and the employer's y pence insurance contribution is therefore a new element in cost of production. As an element in cost of production it must also be an element in price. Nothing is more certain than that the employer will seek to recoup himself for paying the y pence contribution by raising price. And nothing also is more certain than that in some cases the employer will be quite unable to pass on to the consumer the infinitesimal rise in cost of production, and that in most cases he will not be able to do so immediately. Further, if he is not able to do so immediately, the consumer is not likely to suffer by reason of the small addition to producer's costs for an important reason which we will next proceed to examine.

What is the ultimate effect of an increase of wages upon production? Experience has shown, and economists have been driven by experience to argue, that the effect of higher wages is (1) to produce efficiency in the employer by compelling him to use labour-saving appliances and every other possible means of obtaining the largest amount of production

with the least amount of labour, and (2) to produce efficiency in the workman by raising his standard of life and his consequent ability to produce. The joint effect upon industry is to increase production, which is to increase the wages fund, which is also the profits fund. Out of that fund master and man draw more than before the rise in wages compelled an increased efficiency, and in proportions which are determined by other considerations, into which we need not now enter, both master and man draw a greater remuneration.

As to the relation of the workman's efficiency to wages, I may quote what has been so well said by Professor Marshall in his "Principles of Economics":—

"But it is only in our own generation that a careful study has begun to be made of the effects that high wages have in increasing the efficiency not only of those who receive them, but also of their children and grandchildren. In this matter the lead has been taken by Walker and other American economists; and the application of the comparative method of study to the industrial problems of different countries of the Old and New Worlds is forcing constantly more and more attention to the fact that highly-paid labour is generally efficient and therefore not dear labour; a fact which, though it is more full of hope for the future of the human race than any other that is known to us, will be found to exercise a very complicating influence on the theory of distribution."

In the particular case under consideration we are dealing not only with an increase of wage which is compulsorily spent upon efficiency. Not merely the y pence extra which the employer is compelled to pay, but x pence more belonging to the workman, and z pence contributed by the State, *i.e.*, contributed by employers, by workmen, and by others who are neither employers nor workmen, are devoted to the maintenance of health. Therefore the particular case of an increase of wage which we are considering, even more than the general case of an increase of wage, must lead to an increase of the common fund out of which profits and wages are drawn.

It is worth while to observe in this connection that new elements in cost of production fall into two classes in respect of their effect upon price.

In the first class, consisting of items which raise price, are included all such things as do not improve efficiency—*e.g.*, a rise in the price of raw materials, an import duty.

In the second class, consisting of items which do not raise price, are included all such factors as improve efficiency—*e.g.*, an improved piece of plant or machinery, a comfortable and hygienic work-place, a rise in wages up to the point of producing maximum health and efficiency in the workman, a patent royalty.

The latter class, it will be seen, consists of costs which, while them-

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selves elements in price, reduce aggregate costs by more than their own price.

Thus we may sum up the whole case from the master's point of view by saying that while the employer's cost of production is in the first instance increased by the insurance contributions, the ultimate effect is to decrease the employer's cost of production. With regard to the workman, we may sum up the case by saying that while, in the first instance, he is subject to a deduction of x plus y pence from a wage increased by y pence, that deduction is for a purpose which will lead to an increase in wages.

It is of deep interest to inquire whether known facts tally with the theoretical considerations which I have advanced. I add some German evidence as to the relation of compulsory Social Insurance to the course of wages.

Let us compare the dates of the German insurance legislation with the rise of wages in Germany. In the following table I show how wages have varied at Krupp's arsenal :—

THE RISE OF WAGES AT KRUPP'S ARSENAL.

AVERAGE DAILY EARNINGS AT KRUPP'S.

Date.		s.	d.	Date.		s.	d.
1870	...	3	0½	1889	...	3	9½
1872	...	3	4	1890	Invalidity and Old		
1874	...	3	9½		Age Law began	3	10½
1876	...	3	7	1892	...	4	0
1878	...	3	2	1894	...	4	0
1880	...	3	1½	1896	...	4	2
1882	...	3	6½	1898	...	4	6
1884	Sickness Law began	3	6	1900	...	4	8½
1885	Accident Law began	3	7	1905	...	5	0½
1886	...	3	7½	1909	...	5	4½
1888	...	3	7½				

It is not, of course, permissible to argue from these figures that the rise in wages after the establishment of the German insurance laws, as compared with the stationariness of German wages in the years prior to the enactment of those laws, is due to the insurance laws. It may even be argued that, but for the insurance laws, the rise in wages since the 'eighties would have been larger. It cannot be denied, however, that there is nothing in these figures to show that German insurance contributions have been a deduction from wages.

But even more remarkable figures may be adduced in this connection. As the employers' contributions to the accident associations reveal not only the number of persons employed but the aggregate wages paid to those persons, we have available figures for most trades relating to the

variation in German wages. The following figures relate to two very different industries, and I could produce similar figures for nearly every industry :—

WAGES REVEALED BY GERMAN ACCIDENT INSURANCE LAW.

Year.	Building Trades.		Printing and Publishing Trades.	
	Persons Employed.	Aggregate Earnings. £	Persons Employed.	Aggregate Earnings. £
1886	592,118	16,300,000	51,773	2,400,000
1888	784,304	19,800,000	58,753	2,400,000
1890	891,040	24,200,000	60,404	2,700,000
1892	946,702	24,200,000	74,075	3,200,000
1894	962,803	24,400,000	85,403	3,300,000
1896	1,035,233	28,100,000	100,962	3,800,000
1898	1,103,847	34,500,000	101,978	4,300,000
1900	1,156,923	38,600,000	116,630	4,900,000
1902	1,117,441	38,500,000	133,275	5,500,000
1904	1,263,537	45,100,000	147,399	6,100,000
1906	1,376,208	52,600,000	156,047	6,900,000
1908	1,260,270	50,700,000	174,653	8,000,000

Here, again, is little support in fact for the theory that insurance contributions are a check upon wages.

Or let us consider the matter practically in connection with some objections which have been raised regarding a great British staple industry, the cotton trade, by Sir Charles Macara, who has taken up an attitude of great hostility to National Insurance. His opposition may, I think, be stated briefly but accurately thus. The cotton industry works on narrow margins, and it cannot afford either an increase of wages or that equivalent of an increase of wages which results from the fact that the cotton employer in paying wages under a national insurance scheme has to add an insurance contribution. He admits that German cotton masters have to bear a greater burden than has been imposed here, but points out that British cotton masters have a much greater stake in the cotton industry than the Germans, and that whereas the German cotton trade has merely "ten million cotton spindles, which are mostly engaged in meeting home demands, the English industry has fifty-five million spindles, 80 per cent. of the production of which has to face the competition of the world."

I confess that I should have found this argument more convincing if it had been accompanied by a detailed examination of the facts. That detailed examination I will now make.

The cotton trade of this country has an output which is worth, at

factory values (taking the trade as a whole), about £140,000,000. This is an estimate which Sir Charles Macara would, I think, himself accept. Let us first of all direct our minds to the inquiry by how much these factory prices would be increased if the whole of the cotton employers' contributions to the insurance fund were loaded on to those factory values, thus affecting their competitive power in the world of trade.

Taking the employment as returned by the cotton employers in connection with the Census of Production, we find that there are employed in the British cotton trade 220,600 males and 352,300 females. Let us suppose that, under a National Insurance scheme, each employee costs the employer an extra 3d. a week. That would mean that the cotton employers would have to pay an extra £370,000 a year.

We therefore get the following contrast:—

	£
Present factory prices	140,000,000
Addition to price of output, assuming that the employers' insurance contributions are expenses without return	370,000
Total	£140,370,000

The addition to factory price of the entire output being about 0·26 per cent.

Sir Charles Macara pictures the additional cost as so far handicapping British cotton employers that we should seriously endanger the existence of the 80 per cent. of trade which is done in the export market. Our inquiry shows us that the actual addition to prices is less than one-third of 1 per cent. I think it might be submitted with confidence that it is not the case that such an addition to price, assuming the whole of the insurance cost to be loaded on to prices, would cause such danger as is apprehended.

But that is to beg the question as to whether the employer gets any return for the insurance contribution, and the question ought not to be begged. I considered it earlier in this chapter, and the cotton industry itself is eloquent of the truth of the arguments I adduced. Who that studies the long history of the cotton trade can doubt that the salutary influence of Trade Unionism in Lancashire, combined with the Factory Acts, compelled efficiency in the trade? If Trade Unions had not existed in Lancashire to force up wages, and if British Governments had not, in spite of the Manchester School of economists, compelled employers to maintain their factories in efficiency, the British cotton output would not now be anything like £140,000,000, and Sir Charles Macara would not be alarmed at the prospect of losing what we have.

Let us glance at average cotton wages for all workpeople, as estimated by Mr. Geo. Henry Wood.

Year								Pence per week.
1870	...	...	...	...	...	...	...	165
1875	...	...	...	...	...	...	...	184
1880	...	...	...	...	...	...	...	178
1885	...	...	...	...	...	...	...	184
1890	...	...	...	...	...	...	...	197
1895	...	...	...	...	...	...	...	206
1900	...	...	...	...	...	...	...	219
1905	...	...	...	...	...	...	...	226

Who can doubt that if a British Chancellor of the Exchequer in 1885 or in 1895 had followed the example of Germany and proposed a National Insurance scheme, compelling employers, in effect, to raise wages by paying a few pence extra per week, we should have had, at any of those dates, an outcry similar to that raised by Sir Charles Macara to the effect that the industry could not stand even a trifling rise in wages, and that Lancashire, and indeed Britain, would be ruined? A glance at the above figures shows us that the cotton industry has been well able to withstand the successive rises in wages which have been forced upon it, not by a Government, but by Trades Unionism.

This should reassure Sir Charles Macara, especially in view of the fact that the particular rise in wages which we are considering is a rise compulsorily spent by the workman upon doctoring and maintenance in sickness.

It remains to deal with the reference to the German example. Sir Charles Macara points out what is perfectly true, that the German cotton trade is not, like ours, largely dependent upon export. While that is true, it should be equally remembered that the German insurance scheme applies not only to the cotton trade but to other industries in which Germany has enormous exports. For example, the German iron and steel trade has exports worth £40,000,000 to £45,000,000 a year, and German iron and steel masters pay heavy insurance premiums. I venture to counter Sir Charles Macara's argument with another. I assert that not only is it not true that German exporters have suffered because of the great German insurance schemes, but that if those insurance schemes had not been enacted, German exports would not to-day be as great as they are.

In this connection I may point out that a consensus of the opinion of many of the leading firms of Germany has been obtained and published as an official White Paper, Cd. 5679, price 2d. It shows that the general view of German employers is that the insurance system increases the

health, the standard of life, and therefore the efficiency of the German working classes. The remarks of Herr E. Schmidt, President of the German Tobacco Manufacturers' Association, at the annual meeting of that Association on November 24, 1907, are so much to the point that they may well be quoted *in extenso* :—

"I am convinced that when the social legislation was introduced, and for the first time the large contributions for sickness insurance and later for old age and infirmity insurance had to be paid, many of us groaned. To-day, however, these contributions, which occur every year, are booked either to the general expenses account or the wages account—for they are in fact a part of wages—and they are naturally calculated as part of the cost of production, and eventually appear in the price of the goods, though perhaps not to the full extent in times of bad trade. In any event, it is certain that it is hardly possible to speak of these insurance contributions as constituting any special burden on industry, for if you regard the sum so paid, not as a percentage of wages, but of the year's turnover, it does not exceed $\frac{1}{2}$ per cent., so that in calculating the cost of goods that is the extent of the expense to be allowed for. That is so small a sum that it is neither right nor just to make a noise about it, and pretend that we can no longer pay it if our workpeople are to have increased benefits by new insurance legislation. Speaking honestly, as one employer to another, I am of opinion that the investment in these insurance contributions is not a bad one."

Another question of much interest in connection with the economy of national compulsory insurance is its effect upon thrift. What is the relation of small compulsory deductions from wages to savings?

I think it was Coventry Patmore who told us that, when reduced to his last half-crown, he was reduced with it to such a condition of desperation that he got rid of the coin by spending it on ice-cream. We have also heard of the gentleman in rags who, meeting an old friend in the Strand, and being presented by him with a shilling, gratified desperation by taking a shilling hansom down to the seats on the Thames Embankment. The fact that uncertainty is the enemy of thrift is not, I think, sufficiently realized by some of the critics of National Insurance. We have it alleged that because under the system the State makes a small deduction from the workmen's wages, that operates to the disadvantage of national saving and of the habit of saving.

A writer in *The Times*, under the heading "Effect on the Post Office Savings Bank," goes the length of drawing a gloomy picture of the effect of National Insurance upon savings bank deposits. He argues that of the 8,400,000 savings bank depositors fully 6,000,000 must be compulsory contributors under an insurance scheme, that 3d. a week is probably as much as the average working man saves, and that if the State begins to compel 3d. to be spent upon insurance, savings bank deposits must shrink. "These working people," he says, "cannot afford to have their pudding and to eat it. . . . They must contribute

whether they will or not. It seems fair, therefore, to infer that in the great majority of instances compulsory insurance will put an end to savings bank thrift." And he goes on to estimate that compulsory insurance means a fall in savings bank deposits of nearly £4,000,000 a year!

It is only fair to add that this critic acknowledges that owing to the operation of compulsory insurance in providing benefits, there is less occasion under it to withdraw deposits from the Post Office Savings Bank, but this admission is made very grudgingly, and it is clear that he has not examined the effect of National Insurance upon savings in Germany.

No proper comparison can be made between German and British savings banks, but it is quite proper to call in evidence the growth of German savings bank deposits in Germany itself when the effect of insurance upon savings is in question. Sir Francis Oppenheimer, in his 1911 Consular report from Frankfort (No. 4773) calls attention to the following statistics of the recent growth of the German savings banks, taken from the official records of the Empire :—

RECENT GROWTH OF GERMAN SAVINGS.

Year.	Number of Savings Bank Books.	Total Amount to Credit of Depositors.
		Marks.
1900	14,863,956	8,838,583,000
1901	15,432,211	9,552,128,000
1902	16,002,088	10,318,315,000
1903	16,612,771	11,090,716,000
1904	17,294,217	11,896,356,000
1905	17,947,538	12,675,124,000
1906	18,658,460	13,411,271,000
1907	19,291,320	13,920,609,000
1908	19,845,329	14,552,555,000

In commenting upon these figures Sir Francis Oppenheimer says: "The social legislation of Germany must necessarily keep down the amounts of the deposits withdrawn. The provision which this legislation makes in the shape of insurance against illness, accident, and invalidity spares savings bank depositors the need of immediately withdrawing their savings when any misfortune befalls them." He goes on to say that the German people are naturally thrifty, but there can be no question that the enormous sums paid out of the German State insurance funds to German workmen have played a great part in the growth of German savings. In another passage Sir Francis Oppenheimer adds: "I have already pointed out what an important effect the German insurance laws must have on the un-

interrupted saving capacity of the people. This may be gathered from the sums paid to workmen as compensation in the 25 years 1885-1909. The daily amount of such compensation is estimated at 1,900,000 marks (£95,000). The total under insurance against sickness amounts to 3,994,400,000 marks (£199,720,000), under accident insurance to 1,808,300,000 marks (£90,415,000) and under insurance against invalidity to 1,871,600,000 marks (£93,580,000). The invalidity and old-age insurance was only introduced in 1891." It is difficult to realize what these figures have spelt in the relief of distress in Germany.

But we have not only to consider the fact that the many millions a year which are paid out of a national insurance fund prevent the using up of cash savings, and I now return to the relation of uncertainty to thrift.

It is a remarkable psychological and very human fact that *it is the man who has the least need to save who saves.*

The desperate man, in work to-day and out of work to-morrow, is precisely the man who does not save. He is constantly in the condition of mind which led Coventry Patmore to "blue" his last half-crown. On the other hand, the man in constant employment, the man, that is, with less need to save, is precisely the man who has his Post Office Savings Bank book, his Trade Union card, and his Friendly Society membership. Those members of Parliament who, like myself, have been questioned by Friendly Society members on National Insurance, know how often they meet with a man who belongs to more than one Friendly Society and perhaps a Trade Union into the bargain. The man who has once realized the advantages of insurance is the man who insures himself again.

This brings us to what I consider to be the most important relation of National Insurance to thrift. It is not merely that the paying out of the insurance fund prevents the spending of savings. It is that the insurance of the great mass of working people, by giving them an element of security, brings home to their minds the advantage of saving, and creates in a considerable proportion of their number a habit of thrift which did not before exist.

So far from diminishing Post Office Savings Bank deposits, National Insurance increases them, and the average workman, being given an assurance of safety which he never possessed before, finds in his newly acquired security an inducement to save.

I do not know of a greater recommendation for national compulsory insurance than the fact that it is a training ground in democratic government, in co-operative effort, and in social possibility. It is no small matter when many millions of people are exercised in self-government with regard to a most important department of human

affairs, and taught by practical experience what enormous gains can be made by people who club together individually trifling contributions for a specific common purpose. As people in their daily lives come to witness the operation of medical benefits and sickness benefits and sanatorium benefits and life pensions for the incapacitated, and realize that these great things are secured by such trifling payments, they come to wonder why the expenditure of other similar small parts of their income produce such comparatively insignificant results. It is a lesson not only in individual thrift but in co-operative thrift. The economy of national insurance is the economy of co-operation, and co-operation is the only possible salvation of society.

CHAPTER V

OF GERMAN SOCIAL INSURANCE

(1) *The General Plan and Conception*

IT speaks volumes for our insularity that the introduction in the British House of Commons of a great and far-reaching measure providing for social insurance under the guidance of the State found the British public for the greater part uninformed as to the beneficent work which has been accomplished by similar means in Germany. Thirty years have elapsed since the Bill providing for compulsory insurance against sickness was submitted to the Reichstag, and the German social insurance benefits will soon reach £50,000,000 per year, yet the new "Encyclopædia Britannica," in its article on "Insurance," dismisses the German system in a few lines, and passes on to sing the praises of a British working-class provident institution, the costs of management of which are notoriously wasteful, while under "Germany" the inquiring reader is fobbed off with a bald outline of the scheme. The general neglect of the subject in this country should make us the more grateful to the courageous and devoted Minister who, having informed himself upon the marvellous work of the German insurance system, has given us an Act of Parliament which in part emulates the work of our neighbours, and in part touches phases of poverty which the Germans themselves have not yet handled on a large scale.

It was a great aim which the Emperor William I. announced in his famous message to the Reichstag on the subject of social insurance at the end of 1881. The precepts of Christianity were to be embodied in legislation on behalf of the working classes. The moral code of mutual help and aid was to be embodied in the law. The insurance schemes, were to make the Fatherland "a refuge of peace." The Sickness Bill of 1881, which was passed in 1883, proclaimed that the stigma of public charity was not to attach to the benefits secured by the law. The German workman was to obtain a citizen right to aid in misfortune, and it was recognized that the State and the employer were under legal obligation to the worker. Looking back to the brave words of 1881,

with a generation of experience to guide us, it is impossible not to grant that the eloquence of the Emperor William was largely justified, and that the German people have gained immeasurably by State-aided insurance. Compulsory thrift has been followed by voluntary thrift. Within fifteen years of the Emperor William's message, German voluntary savings had increased threefold. So far from State-controlled insurance having undermined the independence or courage of the German workman, German Trade Unions have grown so rapidly that their members now far outnumber British Trade Unionists, and are increasing at an accelerated pace, while ours are next to stationary. The morale of German Trade Unionists may be gathered from their conduct in uniting to secure better wages for workmen in many recent disputes, even while our own Trade Unionists were exhibiting an inferior degree of energy and enterprise. They even maintained rates of wages or increased them during the last serious trade depression. Men undermined by State Insurance could not have done that.

I may also point out as significant that German wages have risen very much more than French wages in the last 20 years. In view of the fact that the independence of French workmen has not been "undermined" by State Insurance, the course of wages in the two countries is hardly consistent with the theory that compulsory State action in this regard degrades the character of the workman. The fact of the matter is that it is amongst the unanchored units of society that we surely find the least of holy discontent.

In relation to social insurance the Germans have exhibited a common-sense policy of combining insistence upon essentials with adaptation of existing institutions and freedom of local control—a policy which, in this as in some other matters, makes German bureaucracy in practice very different from what it is ordinarily pictured here. It is the British Poor Law which is a cold and heartless bureaucracy; it is the Elberfeld system which is humane and which gives play to voluntary effort. It is the British municipality which is tied up with red tape by Parliament, and compelled to waste its time and money asking permission of Lords and Commons to do simple and obvious things. It is the German municipality which is free to do what it pleases for the good of its citizens and which, without asking permission of Parliament, can house, or trade, or transport, or do anything else which seems good in its eyes. It is entirely a misconception that a German Sick Fund is a cast-iron specimen of bureaucratic control: the reality, as it exists in Germany to-day, is a State organized local friendly society, ruled, not by bureaucrats or by employers, but by democratic representatives, two-thirds of whom are elected by the workpeople.

It is not argued here that the German social insurance institutions

are perfect, or that we should have been wise to copy them in their entirety. The Germans had to build, as we have now to build, in a society possessing many existing institutions dealing with the subject matter. The first laws were necessarily tentative, and have been amended and widened, and the process of emendation and widening is still continuing. The German system as now developed, bears, like every other organic thing, the marks of its origin and the traces of evolutionary processes. It must be conceded, however, that a generation of labour in a great field of social endeavour has built up a gigantic organization of mutual aid which makes Germany in this respect a world exemplar, and which makes us all her debtors.

Let us see broadly what has been accomplished.

At the present time the German Empire has a population of some 65,000,000 people, of whom about 30,000,000 are employed in occupations for gain, whether as masters, or independent working units, or as employees. Of these, about 25,000,000 are insured against accident, about 19,000,000 against sickness, and about 16,000,000 against invalidity (incapacity for work, from whatever cause arising), and old age. The total expenditure on benefits, &c., is now over £40,000,000 per annum, and with the further extension of the law soon to be in operation will, in a year or two, reach £50,000,000 per annum, owing to the important extensions introduced in 1911. It is not too much to say that these figures spell year by year not merely the alleviation of an enormous amount of suffering and sorrow, but the saving of thousands of homes, the conservation of tens of thousands of families, and the prevention of many phases of destitution and unemployment. We shall see as we proceed that social insurance amounts to the prevention as well as to the relief of suffering.

As will be apparent from a consideration of the following broad sketch of the three classes of insurance, the above statistics of persons insured give an inadequate idea of the number of persons actually insured against the vicissitudes of civilized existence. When the head of the family is insured against accident, sickness, and invalidity, the wife and the children are insured also. Let us suppose that a German agricultural labourer meets with a serious accident. He is not left, as he would be here, to make a claim (if he knows how and is sharp enough) under a Workmen's Compensation Act, while he gets medical aid or hospital treatment as a matter of "charity." The German labourer has his citizen right, recognized by the law as the due of the man who labours, to the best hospital treatment, and money payments are made to his family to sustain them while he is unable to work. Let us suppose that the man dies from his injury. His widow is not left, as here, to make a claim, if she knows how, and finally,

perhaps, to get some foolish lump sum compensation to be ignorantly wasted. The German labourer's funeral expenses are forthcoming, again as a legal right, and the family is assured of annuities, both for the widow and for each child under 15 years of age. And thus it would be also if the trouble were not an accident, but, let us say, a case of tuberculosis. For the man a sanatorium; for the family a benefit towards maintenance. This considered, it is perhaps not too much to say that two-thirds of the entire German population are in some degree covered by the insurance system.

There are separate organizations for the three departments of insurance: (a) sickness, (b) accident, and (c) invalidity and old age. To the last named were added in 1911 (the new amended law came into force on January 1, 1912) pensions for survivors (widows and orphans) of persons who have been insured against invalidity, even though such persons have been in receipt of invalidity pensions.

(a) Sickness insurance is compulsory for employees earning not over £125 per annum in certain specified employments which cover the main branches of work, including domestic service and agriculture. As already stated, about 19,000,000 workers are insured.

The benefits are: (1) free medical attendance for 26 weeks, (2) money benefit for 26 weeks, (3) maternity allowance in the case of a woman worker, (4) funeral benefit.

Sickness insurance contributions are in general paid as to two-thirds by the employee and as to one-third by the employer. (In the miners' funds, however, the employers pay nearly one-half.)

(b) Accident insurance is compulsory upon all employers in respect of all their employees whose wages or salaries do not exceed £250 a year. Accident benefit, it should be carefully observed, is not wholly paid for by the employers, as it certainly ought to be. For the first 13 weeks the accident benefit is paid from the sickness insurance fund, to which, as we have just seen, the employer contributes one-third. From the fifth week, however, the sick pay is increased from one-half of wages to two-thirds of wages, and the difference is borne by the employers' accident fund. After the thirteenth week sickness benefit ceases and the whole amount of the benefit becomes a charge on the employers' accident fund.

Accident insurance premiums are paid wholly by the employers.

As already stated, about 25,000,000 workers are insured against accident.

(c) Invalidity and old age pension insurance is compulsory for all workers over 16 years of age, of certain specified classes, whose earnings do not exceed £100 a year, and to all manual workers irrespective of the size of their incomes. The benefits provided are: (1) an old age

pension at 70 years of age; (2) sick pensions claimable on the discontinuance of sick benefit under sickness insurance; (3) invalidity pensions in respect of permanent infirmity; (4) widows and orphans' pensions.

As already stated, the number of persons insured under this class of insurance is about 16,000,000. The contributions are paid in equal proportions by employers and employed, and the Imperial Government adds an annuity of £2 10s. in respect of each old age, invalidity, or widow's pension granted; the grant in respect of orphans is smaller.

This is the baldest outline of the system, reducing to the simplest elements institutions of considerable complexity. I shall next proceed to describe the various departments in detail and to show how they are dovetailed in practice.

(2) *Insurance Against Sickness.*

The principle of compelling the employer to contribute towards a sickness insurance fund established for the benefit of his workmen, long established in Germany and now recognized in several other countries, finds its justification, first, in the fact that the health of the worker is largely determined by his occupation, and, second, by the fact that wages barely cover current needs, and that labour bargains are made as though ill-health did not exist and as though the worker were always in a condition to earn wages. It may be said that the German system, taking as it does two-thirds from the worker and one-third from the employer, is not the most generous recognition conceivable of this principle; we must not forget, however, in our criticism, that the great principle was first put into practice in German legislation.

A further point arises which has not received attention in Germany. It is this. The drawers of unearned increment, whether in rent or in interest, and the many people who are not employers, save perhaps on the smallest scale, but who yet benefit by the work of those who create and maintain the material framework of civilization, should also, surely, be contributors to the State insurance fund. Given a system of taxation which has proper regard to equality of sacrifice, and this contribution could most easily be obtained by a contribution to the sickness funds out of general taxation: that would not be an accurate settlement,

but it would in some measure bring into the scheme all just contributors.

To deal with the German sickness insurance system as it actually exists, the insurance covers all manual workers, whatever their income, and other workers, such as shop assistants, teachers, foremen, &c., whose earnings are not more than 6s. 8d. per day, or, if a salary is paid, £125 a year. The trades covered include mining, factory industries, transport, building, shipbuilding, commercial work, domestic servants, agriculture, out-workers, casual workers, &c. Navigation is excluded, because seamen are covered by legislation similar to our Merchant Shipping Act. The reformed law which came into operation January 1, 1912, extends sick insurance to all these workers, and the number of persons insured against sickness in Germany now more nearly approaches the 25,000,000 who, as I have already pointed out, are insured against accident.

The benefits provided by the sickness insurance department consist in the first place of free medical attendance, medicines, and remedies, quite apart from any question of pecuniary benefit. That is to say, it is the first duty of the insurance fund to restore the patient to health. Arrangements are made with local physicians, who are paid out of the fund, and upon whose services the insured can call. The law gives free choice of two doctors universally, but a Sick Fund may give free choice of any doctor. There are no statutory fees for the physicians. Contracts are also made with chemists for the supply of medicines. If the doctor orders milk or other special diet, the fund pays for it, and in the same way special baths are provided. If the case calls for hospital treatment the patient is entitled to it, and to free removal to and from the hospital, and in such case the family of the insured person receives one-half the money benefit which he would be receiving if treated at home.

The money benefit received in addition to the free medical attendance is not less than one-half of the average wage and not more than in the normal case 2s. 6d. a day; by special rule this maximum may be raised to 3s. per day. This money benefit is paid as and from the third day of disability and continues for 26 weeks. The three days without benefit (or "waiting time") are enacted to prevent malingering, but the law authorizes payment from the first day if the sick fund makes a special rule to that effect.

It will be observed that sick benefit continues for six months; it ceases then because, after the twenty-sixth week, the case is taken up by the invalidity insurance scheme and continued for life or as long as need be, but on a much lower scale. The average invalidity pension is about 3s. 6d. a week.

Women receive a maternity benefit in normal cases for eight weeks, six of which are to be after childbirth, but the mother must remain unemployed; thus the mother is encouraged not to work for that period. Obviously, abnormal maternity cases come under the ordinary regulations for sick benefit. The law authorizes the sick funds to extend maternity benefits to the ante-natal period.

We now come to funeral benefit. This consists of twenty times the daily wage, but the sick funds may by rule increase it to not more than forty times the daily wage.

The procedure of, or on behalf of, the sick person is simple. The illness is notified, and the fund officer issues his certificate, which bears the names of the fund doctors. The insured is thus enabled to obtain medical treatment, and the doctor in his turn certifies the disability to enable the money benefit to be drawn.

The administration of the Imperial sickness insurance law is purely local, and it is carried out in ultimate detail by institutions of many different types. This has arisen partly from the survival of insurance institutions existing when the Imperial Government decided upon State action, and partly from that respect for local autonomy which, as I have already remarked, often distinguishes German from British methods. The fact that Germany was able effectively to make use of existing insurance systems is encouraging to us, who have just faced the same problem, if on a different scale, in 1911. Where industrial firms had already set up insurance funds, as they had done in many cases, the funds were permitted to continue under the law, so long as the minimum benefits were assured to the employees, and others might be formed. Such an "Establishment Fund" is ruled jointly by master and men, the men having the larger control, as in the case of the main Sick Fund to be presently described. (Firms whose business casts a special risk of sickness upon their employees may be required to form one of these separate establishment sick funds. Sickness in the building trades is insured against in special types of these establishment funds; this is done to meet the peculiar circumstances which arise from the nature of the trade.) Mutual aid funds, like employers' establishment funds, were also allowed to continue their work, subject to the provision of not less than the specified benefits and to proper regulation. But chief amongst the ancient institutions providing for sickness insurance recognized by the Imperial law are the Guild Funds and the Miners' Funds. The German Trade Guilds are, of course, ancient institutions, and long before the beginnings of State insurance in Germany, when Germany was still a geographical expression, they had founded workmen's sickness funds. The process of adaptation and recognition was

naturally applied to these in 1883. The Miners' Brotherhoods of Germany are also institutions of great age. As long ago as the fourteenth century miners' sickness funds existed in Prussia. In 1854 the great majority of the Prussian miners participated in the sick funds, and in that year the Prussian Government made insurance compulsory, settled the contributions of masters and men, and provided for local mutual administration. When, therefore, the German Imperial Government legislated in 1881-3, it was only necessary to recognize these miners' funds, and to enact that their benefits, &c., should be up to standard.

So much for the German treatment of existing institutions; that part of the subject may be summed up by saying that no difficulty was experienced in practice in leaving them intact, while making them integral factors in the general plan. I pass to the new institutions set up under the State plan.

The main sickness insurance institution is the local sick fund. This possesses complete autonomy, each local fund being a democratic institution in which the workmen have part control. As has been already pointed out, the sickness contribution in respect of each employee is paid as to one-third by the master and as to two-thirds by the man. The Board of Directors of each local fund is composed as to one-third of representatives of the employers, and as to two-thirds of representatives of the men. This purely local and democratic administration is the chief safeguard against such abuses as malingering. The malingerer has not to contend with a central authority a long way off; he has to attempt to rob his neighbours and to deceive those who know him.

It should be observed in this connection that in framing the amended Insurance law of 1911 the employers were successful in obtaining equal voice with the men in the appointment of the chief executive officer of the funds (in case of deadlock the State office decides the appointment). This was a defeat for the Social Democrats, who in the past have been successful in securing almost entire control of the sick funds through the two-thirds workers' representation.

The local sick funds are established and organized by local authorities, or groups of local authorities, for trades or for federated groups of trades, with due regard to financial stability. There is considerable local variation in the magnitude of the establishments. Thus, while Stuttgart has as many as eighteen local sick funds, each dealing with a separate group of workmen, Leipzig, together with many neighbouring communes, has consolidated its sickness insurance in a single local sick fund, the largest in Germany, which had in 1910 over 180,000 members, employed by over 20,000 employers. This Leipzig

fund is administered by a Board of Directors of eighteen persons, of whom twelve represent the men and six represent the masters. The Directors hold office for three years, and are elected at a general meeting of representatives, the members of which number 450 and are elected triennially by the whole group of members.

The benefits paid by the Leipzig fund are: (1) free doctoring or hospital, with free medicine and appliances; (2) money benefit up to 16s. 6d. per week, beginning with the second day and continuing 34 weeks; (3) maternity benefit for women; (4) funeral benefit; (5) *insurance of the family of the member, including free medical attendance and funeral money.* The enormous importance of this last provision may be gathered from the fact that in 1910 79,000 wives and 168,000 dependents of members received free doctoring from the Leipzig fund, while funeral money was paid in respect of 472 wives and 2,484 children. The Leipzig fund has its own health resorts and a neighbouring park to which to send members who need change. Consumptive patients receive fresh-air treatment, with free transport to and from their homes and special diet.)

To return to the general case, the contributions paid in respect of workmen vary with the wages, and the benefits vary proportionately. The contributions range from $1\frac{1}{2}$ per cent. to a legal maximum of 6 per cent., but by far the greater part of the contributions lie between 2 per cent. and $4\frac{1}{2}$ per cent. of the wages. These percentages include the contributions of both master and man. The masters deduct the workmen's contributions from wages and pay in lump to the fund; there are some masters who pay the whole sum.

Persons outside the operation of these local sick funds organized by trades, and outside the other sick funds already mentioned, are dealt with by general local funds and rural funds, it being the duty of these authorities, under the Imperial law, to see that every person specified in the law as insurable, and not covered by the funds mentioned, obtains the benefit of the law.

The magnitude of the sickness funds and the rate of growth may be gathered from the following remarkable statistics:—

GERMAN SICKNESS INSURANCE FUNDS
(EXCLUSIVE OF MINERS' FUNDS)

	1903	1908
	£	£
Receipts (Contributions, Interest, &c.) ...	... ... 12,000,000	19,800,000
Expenditure (Benefits, &c.) ...	... ... 11,500,000	18,900,000
Assets ... ... ...	... ... 9,300,000	13,100,000

The following is an analysis, in round figures, of the expenditure of £18,900,000 in 1908:—

	£
Medical Treatment ...	3,500,000
Medicines, &c. ...	2,100,000
Money Benefits :	
(a) To Members ...	6,300,000
(b) To Families of Members ...	200,000
Maternity Cases ...	300,000
Death Benefits ...	400,000
Hospital Treatment ...	2,000,000
Invested and to Reserve ...	2,300,000
Administration ...	1,000,000
Other Expenses ...	800,000
	<hr/>
	£18,900,000

It will be agreed that the administrative charge of little more than 5 per cent. is exceedingly satisfactory.

In view of the millions of hard and accomplished facts which are summed up in these eloquent figures, it is amusing to reflect that in 1876 a German insurance journal declared that the project of compulsory insurance was Utopian and “ popular only with ignoramuses and pot-house politicians.”

(3) *Accident Insurance versus Workman's Compensation.*

British law now recognizes, for practically the whole of the employed population, that the employer is liable to compensate the employed for loss of earning power through accident incurred by reason of his employment and to compensate the dependents of a workman for the loss of his support if he dies as the result of an accident during his employment. Our law establishes employers' liability according to a certain schedule, and leaves it at that. For the rest, the employer has to face his tremendous risk as best he can, and the workman has to get his compensation out of the employer if he can. The State may thus wash its hands of results, but certain results are inevitable. The employers find it necessary to insure themselves against a great liability imposed upon them by the wisdom of

the Legislature. They insure their workmen with various insurance companies, and the consequence is that in effect the injured workman, or the dependents of a deceased workman, have to deal not with the employer liable under the law, but an insurance company which has underwritten the employer's liability. The insurance company, not being a philanthropic institution, is out to make profits upon the State-imposed liability. It makes those profits on the one hand by charging the employer as much as possible, and on the other hand by paying the workman as little as possible, selling its insurance in the dearest market and buying its workmen's claims in the cheapest, thus fulfilling the law, if not the prophets. There are only 2,000,000 Trade Unionists in the United Kingdom, and but a small proportion of our workpeople are in a position to get advice as to how to proceed under the law. The average workman would as soon think of employing a solicitor as of flying to the moon, and the contest between the uninformed workman and the insurance company, expert in resisting claims, is absurdly unequal. Every year tens of thousands of claims are whittled down or inadequately settled for small, but tempting, lump sums. Moreover, our law puts the onus upon the workman to show that he cannot earn wages, and the man or woman who loses an eye is hard put to it to get a penn'orth of compensation.

In the case of small and insecure or careless masters, our compensation law is too often a sham. If the risk is a bad one, the small man may be unable to find an insurance company to cover him, and if a workman is killed in his employ, the widow of the deceased may be left with the mockery of a barren legal right to compensation.

The reader may often have wondered at the character of some of the compensation cases which come into court. Claims which would appear to be equitable and in full accordance with the spirit of the law are again and again disputed. The explanation is, not that the employers are hard-hearted, but that the employers' liability has become a product gambled in by an insurance company, and that the insurance companies and their tame doctors become experts in fighting claims on technical grounds.

It appears to me that the German method of dealing with employers' liability is infinitely superior to ours. Germany compels every employer to insure his workpeople at his own cost in a mutual insurance fund, the employer thus merging his risk with the other employers in his trade. What is the result; or rather, what are the results? First, the employer obtains his insurance at cost price, there being no insurance middleman to make a profit out of dire necessity. Second, the employee is assured of compensation, for the insurance institute is under the control of the Imperial Insurance Office. Further, a specific

injury, such as the loss of a hand or of an eye, is assured on a specific compensation. Third, and last, but not least, it becomes the direct and the obvious interest of the employers in each trade to keep down the mutual premiums, and they can only do that by making their mills and factories safer working places. If a trade hits on a new safety appliance, it means a lower insurance premium for the trade.

The employers' accident insurance associations draw up strict safety rules in each trade, and enforce them amongst their members. Any employer who breaks the rules is obviously unfair to his fellow-employers as well as to himself; need we wonder that the system naturally brings about an ever-rising standard of safety and comfort? Need we wonder, to return for a moment to the domain of sickness insurance, that German miners have long had the baths and the dressing-rooms that we are but just beginning to think about? A few years ago, before Mr. Lewis Harcourt had cleaned out the lavatories of the House of Commons, I found provided for the use of the gas-workers in a great German gasworks washing and other appliances infinitely superior to what were considered good enough for British legislators.

For the reasons stated it is earnestly to be hoped that our new British social insurance system will soon be widened to cover accident insurance.

The German Imperial accident insurance law covers, as has been already shown, almost the entire working population, being compulsory in respect of all manual workmen irrespective of income, and all other employees earning less than £250 a year.

It should be understood that the accident insurance law is closely associated with the sickness insurance. Indeed, during the first 13 weeks an injured person is on his sick fund, and accordingly receives from that fund free medical treatment and 50 per cent. of his normal wages. After the thirteenth week, the accident insurance fund takes over all liability, and the injured person becomes a sole charge upon the employers' accident fund. The accident fund does not, however, wholly escape during the first 13 weeks. After the fourth week it is required to raise the sufferer's money benefit from 50 per cent. to 66½ per cent. of his normal wages, *i.e.*, to pay him 16½ per cent. in addition to the 50 per cent. he receives from his sick fund.

It will be remembered that the sick fund contributions are paid as to two-thirds by the employee and as to one-third by the employer. The accident premiums are paid entirely by the employer. Consequently accident cases, since they are at first on the sick fund, are partly insured against by the workers themselves. It has been calculated by insurance experts that German workmen pay 8 to 11 per cent.

of the cost of accident insurance, while the employers pay 89 to 92 per cent.

As the number of persons insured against sickness is about 19,000,000, while the number insured against accident is about 25,000,000, those workpeople who are not insured against sickness are a sole charge on the accident insurance law from the time of the accident.

Dealing, however, with the case in which the accident insurance fund is responsible for compensation beginning with the fourteenth week, the employers' associations are compelled to make the following provisions : (1) free medical or surgical treatment ; (2) free medicines ; (3) free surgical appliances, such as crutches, bandages, spectacles, &c. In order that cases may receive continuous treatment the accident association may take over a case of injury from the beginning, or, conversely, leave the sufferer under sick treatment after the thirteenth week, financial adjustments being made accordingly. The accident associations have founded accident stations, hospitals, and convalescent homes out of their funds, and it will readily be perceived that given such a system of insurance the dictates of the heart are one with the dictates of the head. Under the German system kindness to the suffering workmen is good business for the employer.

Also, after the thirteenth week the accident funds have to pay the disabled person a pension up to two-thirds of his normal earnings, paid monthly in advance, payable as long as the disability continues. Two-thirds of normal earnings constitutes "full pension," and full pension is the legal compensation for total disability. The following examples will show how various degrees of injury are compensated for :—

PERMANENT PENSIONS UNDER GERMAN ACCIDENT LAW.

Occupation.	Nature of Injury.	Pension expressed as per cent. of "full pension."*
Factory worker	Loss of both eyes	100
Ships' carpenter	Loss of one eye	50
Mason's helper	Loss of one eye	25
Sawyer	Loss of right hand	66
Washerwoman	Loss of right hand	80
Machine minder	Loss of left little finger	nil
Fireman	Hernia	10
Turner	Loss of right arm	75

* "Full pension" is two-thirds of normal wages.

The one-eye cases in the above list would under our law probably get no compensation ; British insurance companies always come into

court with witnesses to prove that one eye is at least as good as two, and that Nature was over lavish with eyes.

The widow and children left by a deceased insured person receive each a pension of 20 per cent. of the deceased's earnings, up to a total of 60 per cent.; the children's pension ceases at 16 years of age. Thus there is 5s. a week assured to a child who has the misfortune to lose his father by accident, the father's wages having been 25s. Parents, grandparents, and grandchildren have also certain claims to pensions if the deceased was their sole or main support.

There is also a sort of unemployment benefit for the injured workman on his recovery, the law providing that the accident association may give him a pension until he can find work.

The administration of the Imperial accident law is entrusted to employers' mutual insurance associations, under Government supervision. Trades throughout the Empire form themselves into these associations, but there are separate territorial associations in some trades, *e.g.*, metals, textiles, wood, building, and agriculture. Altogether, there are 66 industrial associations, and 48 agricultural associations. The members at general meeting elect a Board of Directors, and a member must serve if elected. Thus the employers manage their own insurance, and private accident insurance companies are ruled out. Germany long ago realized the truth of what I endeavoured to set out in the opening part of this section with regard to the evils of profit insurance in this connection.

While the Accident Insurance Law is thus directly administered by the employers who pay the premiums, it should not be imagined that the workman's case is left in the employers' hands. As has been indicated, the accident associations of employers are controlled by the Imperial Insurance Office, which is managed partly by permanent nominated members and partly by representatives of employers and employed. This central board of control approves the rules and ratings, and audits the accounts, of the associations. It is also the final appeal court in cases of dispute.

If a disputed claim arises, it is in the first instance referred to "Chambers of Award" for the settlement of disputes. The quorum for these courts is five members, and two of them must be representative masters and two representative men, drawn from a rota of at least twenty representatives. Thus the workman is assured of a fair tribunal, and further there is an appeal to the Imperial Insurance Office, upon the board of which workmen's representatives also serve. The Courts always interpret the spirit of the law, and that spirit is that the injured workman is entitled to compensation. From consideration of a large number of hard cases which have been brought to my personal

attention here—to some of which I have directed public notice—I have come to the conclusion that in this country, through the vicious system we have adopted, the workman is too often deprived on technical grounds of the compensation which the law designed him to receive.

British employers would do well to ponder the results of the German accident insurance system. It has already been found that the German insurance costs are beginning to fall through the discouragement which the system gives to the causes of accident. I do not mean that the German employers pay less than ours; indeed, they pay far more, but that is because the scale of compensation is greater.

It is an undoubted fact that the German workman is now safer in his work than the British workman; *insurance has spelt prevention.*

The following figures exhibit the magnitude and rate of growth of the operations of the accident insurance law:—

GERMAN ACCIDENT INSURANCE STATISTICS.

(PUBLIC AUTHORITIES OMITTED.)

	1903	1908
Number of Employees Insured *	... 19,300,000	27,000,000
	£	£
Receipts (Payments by Employers) ...	8,800,000	11,900,000
Expenditure (Benefits and Costs) ...	6,900,000	9,400,000
Reserve	9,400,000	14,200,000

* Includes small element of duplication.

From every possible point of view, whether it be that of the employers, or of the workmen, or of the nation at large, the setting up of a British accident insurance law in substitution for our Workmen's Compensation Act is a thing devoutly to be desired.

(4) *Invalidity and Widowhood.*

The German law "relating to invalidity and old age insurance" was passed in June, 1889, following the sickness law of 1883 and the accident insurance law of 1884, and is now superseded together with them, by the Consolidated Insurance Law of 1911. It will have been observed that the accident insurance law provides permanent pensions in cases of invalidity arising from accident. The sickness law, on the

other hand, puts a period to sickness benefits at the end of 26 weeks. The object of the German invalidity, &c., insurance is to supplement the sickness law by providing benefit as and from the twenty-sixth week, to provide an old age pension, irrespective of the condition of health, at the age of 70, and to provide pensions for the invalid widows and orphans under 16 of insured persons. It cannot be too clearly realized that the sickness and invalidity laws between them are a preventive of one phase of unemployment—that which arises from personal unfitness.

The persons compulsorily insured against invalidity and old age are somewhat less in number than those insured against sickness; the limit of earnings for other than manual workers is the same as in the case of sickness, viz., £100 a year. Manual workers are included irrespective of size of income. At the present time about 16,000,000 people are insured.

The administration of the law is entrusted to special insurance institutions and special executive boards of geographical definition. The Empire is divided for this purpose into 31 districts, each with its own insurance office. Each of these local offices is governed by a board upon certain departments of which employers and employed are equally represented. For this department of insurance the contributions are drawn equally from master and servant in respect of each employee. But the contributions are not, in this case, the only source of income. Towards each old age or invalidity pension granted the Imperial Treasury pays an annuity of £2 10s.

The benefits under the invalidity, old age, and widows and orphans' insurance law are as follows : (1) sick pensions in respect of temporary disability in continuation of the sickness law; (2) invalidity pensions in respect of permanent disability; (3) old age pensions at 70 years of age; (5) medical treatment or maintenance in a sanatorium or other institution; (6) pensions to the *invalid* widows and the orphans of insured persons or of persons who were in receipt of invalidity pensions.

The definition of what constitutes invalidity, and gives the insured claim to an invalidity, or, as one might put it, a premature old age pension, should be carefully noted, and it is as follows :—

“A state of invalidity is present when the physical or mental condition of the insured person is such that he is no longer able to earn one-third of that amount which, with due regard to his training and education, persons who are similarly situated, and who are not incapacitated physically or mentally, are customarily able to earn in the same district by their labour.”

Thus the insured has not to be wholly disabled to be eligible for an

invalidity pension; he can claim if he can show that his earning power has been reduced to less than one-third of the normal. What the insured person was earning when he became invalid is not the basis of computation; more fairly the law has regard to what a normal worker of the same kind can earn. It should be observed, however, that the law does not recognize occupational invalidity.

Both the contributions payable and the amount of the invalidity or old age pension vary with the wage of the insured. For the purposes of this particular insurance there are five arbitrary classes of wage-earners established, subject to periodical revision. The wage classes are as follows:—

WAGE CLASSES UNDER THE INVALIDITY, OLD AGE PENSION, &c., INSURANCE LAW.

Wage Class.	Annual Earnings.	Weekly Contributions.
I.	£17 10s. and under	Pfennige.
II.	£17 10s. to £27 10s.	16
III.	£27 10s. to £42 10s.	24
IV.	£42 10s. to £57 10s.	32
V.	Over £57 10s.	40
		48

Half of the contribution is paid by the employer and half by the workman.

The law provides for the payment of the following old age pensions in the various classes:—

GERMAN OLD AGE PENSION RATES.

Wage Class.	Pension Provided by the Institutes.	Added by the State.	Total Pension.
I.	£ s. d.	£ s. d.	£ s. d.
II.	3 0 0	2 10 0	5 10 0
III.	4 10 0	2 10 0	7 0 0
IV.	6 0 0	2 10 0	8 10 0
V.	7 10 0	2 10 0	10 0 0
	9 0 0	2 10 0	11 10 0

As the Imperial Exchequer adds 50s. to each pension, irrespective of class, the contribution is proportionally higher in the lower than in the higher classes. The old age pensions, it will be seen, range from £5 10s. to £11 10s. a year, whereas the majority of the million British Old Age Pensions now being paid are of £13 a year. Moreover, our system is non-contributory, so that our provision for old

age is more generous than that of Germany, even when the lower scale of wages in Germany is taken into account. There has been much agitation in Germany for the reduction of the pension age, but so far without effect.

It should be added that an insured person is not entitled to an old age pension until he has been insured for 1,200 weeks.

Turning to invalidity pensions, the insured is entitled to claim in invalidity if he has been insured for 200 weeks, and paid during this time at least 100 weekly contributions. The invalidity pensions are composed of three elements : (a) a basic amount varying from £3 to £5, according to the class ; (b) a supplementary amount varying with the number of weeks the person has been insured ; and (c) the Imperial subsidy of £2 10s. The minimum invalidity pensions are as follows :—

GERMAN INVALIDITY PENSIONS.

								Minimum Pension.
								£ s. d.
I	...	...	...	...	...	...	...	5 16 0
II	...	...	...	...	...	...	...	6 6 0
III	...	...	...	...	...	...	...	6 14 0
IV	...	...	...	...	...	...	...	7 2 0
V	...	...	...	...	...	...	...	7 10 0

The statistics of invalidity and old age pensions may now be conveniently stated together :—

NUMBERS OF PENSIONS CURRENT AT CLOSE OF YEAR.

		1908.	1909.
Invalidity (permanent)	...	663,140	893,585
Sickness (temporary)*	...	14,186	18,502
Old Age	...	156,620	102,362
		<hr/> 833,946	<hr/> 1,014,449

* Cases under Invalidity Law only.

In comparing these figures with our own old-age pension statistics, it should be remembered that the German population is nearly 50 per cent. greater than ours. The above figures do *not* include permanent pensions under the accident insurance law.

An invalidity pension in the highest class will ultimately range up to about £22 10s.; the average pension is now about £8 16s. If at 70 years of age the insured is entitled to an invalidity pension and an old-age pension, he can claim the larger of the two. If at 70 years of age a person is in receipt of an invalidity pension smaller than the

old-age pension to which he becomes entitled, the latter is substituted for the former.

Under the invalidity law insurance institutions have power to invest their reserve funds for the welfare of the people. Accordingly, hospitals, convalescent homes, homes for the blind, and public baths have been freely erected. Also loans have been made to building societies for the erection of workmen's dwellings. Here are the facts for 1908 :—

INVESTMENTS OF RESERVE FUNDS OF THE INVALIDITY
INSURANCE INSTITUTIONS, 1908.

	1900. £	1908. £
Workmen's dwellings	3,800,000	11,400,000
Aids to agriculture	2,600,000	4,600,000
Hospitals, sanatoria, &c.	2,600,000	16,200,000
Building of hospitals, &c., for use of the Insurance Institutes	600,000	2,600,000
	<hr/>	<hr/>
	£9,600,000	£34,800,000

Thus, these investments rose in eight years from £9,600,000 to £34,800,000. A considerable share in the reduction of the German death-rate and of tuberculosis is attributed in Germany to these and other operations of the insurance system.

The magnitude and rate of growth of the German invalidity law may be gathered from the following tables :—

GERMAN INVALIDITY INSURANCE.

	1903. £	1908. £
Persons Insured	13,600,000	15,300,000
Receipts (Contributions plus Imperial Grants)	11,100,000	14,200,000
Expenditure (Benefits plus Costs) ...	7,800,000	9,900,000
Reserve Fund	53,000,000	74,000,000

Impressive as these figures are, they cannot convey, and indeed it is impossible to describe, the amount of human suffering and sorrow for which they have spelt alleviation or even prevention. The timely succour of the ailing has undoubtedly prevented the manufacture of tens of thousands of unemployables. But for the wise laws we have considered, what to-day would be the fate of the 1,000,000 pensioners ?

I now give a summary of the receipts and expenditure of the three branches of the German insurance law for 1903 and 1908 :—

SUMMARY OF (1) SICKNESS INSURANCE, (2) ACCIDENT INSURANCE,
AND (3) INVALIDITY INSURANCE: 1903-1908.

	(a) RECEIPTS.					
					1903.	1908.
					£	£
Sickness	12,000,000	19,800,000
Accident	8,800,000	11,900,000
Invalidity	11,100,000	14,200,000
Total Receipts	£31,900,000	£45,900,000

	(b) EXPENDITURE.					
					1903.	1908.
					£	£
Sickness	11,500,000	18,900,000
Accident	6,900,000	9,400,000
Invalidity	7,300,000	9,900,000
Total Expenditure	£25,700,000	£38,200,000

It will be seen that receipts and expenditure have each increased by about 50 per cent. in only five years. When the reformed insurance law comes into operation, extending the sickness insurance, &c., the annual expenditure of the German insurance funds will be upwards of £50,000,000 per annum, and will soon reach £1 per head per annum of the entire population.

BOOK I

HEALTH INSURANCE

**PART II: THE NATIONAL HEALTH
INSURANCE SYSTEM**

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CHAPTER VI

AN OUTLINE SKETCH OF THE HEALTH INSURANCE

IT is well to preface a detailed account of the National Health Insurance Law of 1911 with a sketch of the scheme in the broadest outlines.

That part of the title of the National Insurance Act which relates to Health Insurance runs as follows: "An Act to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness;" and that is an excellent statement of the aim, object, and effect of this great law.

By far the greater part of the British working population is compulsorily insured by the Act against loss of health, and that compulsion is effected by the simple means of compelling employers to deduct the specified insurance contributions from the wages or salaries of all their employees whose earnings do not exceed £160 a year. This form of collection has the incidental advantage to the insured workers of reducing the cost of collection to an insignificance, and therefore of increasing *pro tanto* the benefits purchased by the contributions.

The scheme is compulsory, both in respect of employers and employed. The employer has to deduct 4d. in the case of a man and 3d. in the case of a woman from the weekly wage of each worker in his employ. He is compelled himself to pay 3d. per week for each worker, male or female, in his employ. To enable him to make the deductions and to pay his own contributions with facility, the employer is enabled to purchase at the Post Office special stamps, which he affixes, week by week, to his employees' Insurance Cards.

The purchase of the stamps, in its turn, effects economically the transfer of the insurance contributions to the State. As the insurance stamps are specially designed, the Postmaster-General is able to earmark accurately the sums collected by him on account of the Health Insurance, and hands them over to the Central State Insurance authority—the Insurance Commissioners.

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The health scheme has a voluntary as well as a compulsory side. All working people who do not work for an employer, and whose incomes from all sources do not exceed £160 a year, are allowed to come under the national system, on condition that they pay the equivalent of an employer's contribution as well as their own. That is to say, a male voluntary contributor pays 7d. a week; a female 6d. a week.

For both compulsory and voluntary contributors the limits of age are 16 to 65 years. Employed persons over 65 and below the Old Age Pension age of 70 are provided with a modified scheme.

In view of the provisions of the Old Age Pensions Act, both the contributions and the money benefits cease at 70 years of age. The medical benefits, however, are continued throughout life, although contributions cease at 70.

The contributions remain the same whatever the age of the entrant into insurance. This flat rate of contribution irrespective of age is designed to place all existing workers on an equal insurance footing, so far as that is possible, at the beginning of the Act's operations. The age factor is eliminated, and for practical purposes every man and woman becomes of a single insurance age, viz., 16 years. The Insurance Fund as a whole bears the burden of this elimination of the preliminary age factor, and it is estimated that the burden will be wiped out in about 18 years. When those 18 years have elapsed it will be possible to pay increased benefits for the same contributions.

As time goes on, of course, all workers will join the system as insured persons at 16 years of age.

The entire nation is also made a contributor to the Insurance Fund, in addition to the insured workers and the employers of insured workers. The Act provides that the insurance funds shall be derived as to seven-ninths (or for women, three-fourths) from employers and employed, and as to the remaining two-ninths (or for women, one-fourth) from moneys provided by Parliament. As the men's contribution is specified at 7d. and the women's at 6d., it follows that the State contribution is broadly the equivalent of 2d. per week for each contributor.

From the Insurance Fund so provided, certain benefits are paid to the insured. There is a certain list of Minimum Benefits which every normally insured person normally receives. There is a further list of Additional Benefits which will certainly be enjoyed by many of the insured.

The Minimum Benefits are as follows:—

(a) "Medical Benefit." This consists of free medical attendance and free medicine throughout life. The doctor is to treat and

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prescribe, and the medicine is to be supplied by duly qualified chemists. The benefit is administered by the Insurance Committees.

(b) "Sickness Benefit." This is a money payment during incapacity for work caused by sickness. The benefit is 10s. a week for men, and 7s. 6d. a week for women, up to a maximum period of 26 weeks. Administration is by the approved societies of insured persons formed under the Act. Sickness Benefit ceases at 70.

(c) "Disablement Benefit." This is a continuation of sickness benefit at the lower rate of 5s. per week for both men and women. It begins with the 27th week of certified incapacity, and continues as long as may be necessary, up to the 70th year of age. This benefit also is administered by the approved societies, *i.e.*, by the insured persons themselves.

(d) "Maternity Benefit." This consists of a payment of 30s., in cash or in kind, towards the expenses of confinement. It is payable both to insured women and to the uninsured wives of insured men. A compulsorily insured woman receives it in addition to sickness benefit, which means that she gets, in effect, a maternity benefit of £3. This benefit also is administered by the Approved Societies.

(e) "Sanatorium Benefit." This consists of special institutional treatment of consumptives in sanatoria, and may be continued for an indefinite period. It is administered by the Insurance Committees. While an insured person is in a sanatorium, sickness or disablement benefit is paid to his dependants.

The Additional Benefits include: medical benefit for dependants, dental treatment, increased sick or disablement pay, convalescent pay, old age pensions at an earlier age than 70, benevolent payments, &c. Some of these will certainly be enjoyed by the whole body of insured after the expiration of the 18 years during which the preliminary burden of insuring persons of all ages at a flat rate is paid off. Well-managed societies may enjoy them in the course of a few years.

A special feature of the scheme is the care taken to keep members insured. Benefits have, of course, to be reduced on account of arrears of contributions, but generous allowances are made which make it difficult for an insured person to fall out of benefit, and make it almost impossible for a membership to lapse.

Arrears of contributions are counted on a yearly average since entering into insurance. Further, no arrears are counted during the first year of the Act's working.

Three weeks (annual average) are allowed with no loss of benefit. Therefore, if in the third year of entering into insurance a man is 9 weeks in arrears, he is in full benefit, since his average arrears are 3 weeks per annum.

Thirteen weeks (annual average) of arrears are allowed without loss of money benefit. Therefore, if in the fourth year of his insurance, a man is a whole year in arrears, he still receives money benefit, because his average arrears are 13 weeks a year. From the fourth to the thirteenth week of arrears, however, money benefit is reduced by 6d. per week, so that on the thirteenth week of arrears, if then the man comes on the fund, he gets 5s. instead of 10s.

Twenty-six weeks (annual average) of arrears are allowed without loss of medical, sanatorium, or maternity benefits. That is to say, in the fifth year of his insurance, a man can be 2 years and 6 months in arrears without losing these benefits, since 130 weeks divided by 5 are 26.

Lapse of membership does not occur until one year after a man has been suspended from all benefits, which makes it a very remote contingency indeed.

It should be observed that, as no arrears count in the first year of the Act's working, the above examples understate the case. For suppose a man, insured for 3 years from the beginning of the Act in 1912, is in arrears 5 weeks in the first year, 5 in the second, and 4 in the third. That is a total of 14 weeks, but the first 5 do not count against him. He has been insured for 3 years, however, and therefore the divisor for averaging is 3. As 3 into 9 are 3, he is in full benefit.

In cases where compulsorily insured persons have already a sufficient provision of sickness benefit by reason of the terms of their employment, as, for example, hospital nurses and a small proportion of domestic servants, one or more of the additional benefits may be insured for instead of sickness or disablement benefit.

Special provision is made for the case of insured women who get married. It should be clearly understood that the Act compulsorily insures employed persons only, and in doing so, it insures employed women who are married. The voluntary insurance does *not* include married women, because of the difficulty of checking sickness claims. It follows that the great bulk of women of the working classes already married when the Act comes into operation do not come under the provisions of the Act.

When, however, an insured single woman gets married, she is allowed to continue in voluntary insurance if she cares to do so. Two options are given her. She can either continue in insurance and pay 3d. a week for reduced benefits, or she can stop contributing and have two-thirds of her reserve fund saved up for her, to be drawn out at times of confinement or family distress. The reduced benefits, if she chooses to remain in insurance, are medical benefit, sickness benefit of 5s. per week for 13 weeks, and 3s. for a second 13 weeks,

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and disablement benefit of 3s. per week. Whether continuing in insurance or not, she is eligible for maternity benefit and perhaps sanatorium benefit on account of her husband's insurance. In either case, the right is reserved to her of coming back into insurance if left a widow, and if compelled again to work for her living, at the old rate of contribution as though she were still a girl.

As so large a proportion of women work for their livings before marriage, it proves that a large proportion of the married women of the future will be insured under the Act.

The local management of the system is entrusted to democratic bodies termed by the Act "Approved Societies." Every possible proper latitude is allowed to enable existing thrift institutions, especially Friendly Societies properly so called, and Trade Unions, to become Approved Societies. Indeed, the Approved Society system is the outcome of recognizing and adapting existing Health Insurance institutions. All existing Friendly Societies and Trade Unions, however large and however small, may obtain approval under certain conditions which secure the safety and businesslike insurance of their members. The Act finds the majority of existing small Friendly Societies insolvent. It puts them on their feet again by giving new reserve funds to their members under the equalisation of age provision already referred to. Having put them on a sound basis, the Act keeps them solvent by submitting them to an expert supervision which allows them freedom for good while denying them freedom for bad management.

Good management and that great essential, local responsibility, are secured in another way. The contributions are large enough under proper care to secure the minimum benefits with a margin of over 10 per cent. If, therefore, an Approved Society is well managed, its members will get more than the minimum. This is a direct and very real incentive to economy.

It is a condition of approval that a society must not be carried on for monetary profit and that it must be subject to the absolute control of its members.

A society like a Trade Union, which has other objects than to give sickness benefits, may become an Approved Society by keeping separate accounts relating to the National Health Insurance, and by keeping that part of its work distinct.

This necessary and only possible policy of recognizing and, as far as possible, utilizing the existing Friendly Societies and Trade Unions by a system of Approved Societies, entails giving Approved Societies the right of choosing their members. The Societies would be disrupted if the State endeavoured to force members upon them. Therefore we

have the State on the one hand compelling employed persons to contribute to the insurance scheme, and on the other hand, unable to command the institutions which it necessarily works through, to accept the compulsorily employed as members.

In practice, there is not the slightest doubt that the great bulk of the compulsorily insured will be able to find societies to accept them. Many Friendly Societies and all Trade Unions will, indeed, be anxious to gain members, and, as has already been pointed out, age does not matter to an Approved Society, since each insured person is provided by the State with such a reserve fund as makes him 16 years of age for insurance purposes. Therefore, two reasons, and two reasons only, will bar a man from membership, if he desires membership in some society or other. The first is bad health, and the second is known bad character.

Whatever their numbers, the Act has to make some sort of provision for these rejected persons. It does so tentatively by providing a deposit system, and the persons concerned are termed by the Act "Deposit Contributors." The man's contribution and that of his employer will be saved up for him, and out of the saving the contributor will draw benefits as long as the deposit lasts, the State adding two-ninths, as in the case of normal contributors. It is provided, however, that medical and sanatorium benefits are to be continued for the remainder of the year in which the depositor is ill, even if his deposit runs out, and the administrators are empowered to continue these benefits indefinitely.

This plan has been adopted as an interim provision, and the Act specifically states that it is only to last until January 1, 1915. Long before that date we shall know how many rejected persons there are, and how they are classified. For the most part, they will prove to be persons to whom insurance cannot apply, who should be the proper care of a reformed Poor Law.

It should be observed that the difficulty of the uninsurable is for the most part a temporary thing. In future, all working boys and girls will become insured at 16, usually before health or character have become irredeemable.

A second important local insurance institution is set up by the Act, in addition to the Approved Societies which enrol the insured, manage the money benefits, and form the essential framework of the system. This second local institution is of great importance. In each County and County Borough an "Insurance Committee" is to be formed to safeguard the health of all insured persons within its area.

The Insurance Committees will have the following functions :—

(a) They will administer both the Medical and Sanatorium Benefits in their areas, making the necessary contracts with doctors and chemists.

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(b) With regard to the Deposit Contributors, they will administer all benefits.

(c) They will generally supervise health conditions within their areas, keeping proper sickness books, classifying the deposit contributors, and making suggestions, if they think well, to Local Authorities.

(d) They will disseminate knowledge of hygiene, publishing useful information and advice, and organizing lectures and classes.

(e) They will have power, in cases where excessive sickness occurs, to ask the persons or authorities responsible for the excess to repay them the extra expenditure which they have been occasioned by the excess, and if the request is refused they have power to demand a public inquiry. If at the inquiry they prove their case, the defaulting person or authority must repay them what are, in effect, damages.

With regard to this last provision as to excessive sickness, it should be added that the same power of demand for damages or public inquiry is given by the Act to the Approved Societies, and also to the board of central control, which remains to describe.

The central control of the system is vested, for each of the three kingdoms and for Wales, in a separate board of Insurance Commissioners, each of which is to have its own separate National Health Insurance Fund. These central State Insurance offices will exercise general supervision and control of the entire system, co-ordinating its functions and seeing that it is carried into effective operation. The Insurance Commissioners give approval to, or withhold approval from, the local societies, and approve their rules, audit their accounts, make the necessary periodical valuations, see that they maintain themselves in solvency, and make the general working regulations incidental to the system. They receive the contributions of the insured *via* the Postmaster-General, and the statutory payment towards benefits from the Treasury, and dispense to each society the moneys which are necessary to pay benefits. They will invest the reserve funds of the system, with the proviso that Approved Societies have power to invest their own members' contributions if they care to do so. All this means in practice that as soon as the preliminary arrangements are completed, the normal well-managed Approved Society has little to do with the Insurance Commissioners save in respect of furnishing periodical returns and submitting their accounts to proper audit and valuation.

It is proposed that the scheme shall come into operation on July 15, 1912; but power is taken, if it is not found possible to complete working arrangements by July 15, to substitute a later date, provided it be not later than January 1, 1913 (Section 115).

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The foregoing account of the National Health Insurance has been set out very broadly and purposely reduced to the chief essentials to form an introduction to the subject. In the remaining chapters of this Part the various sections of the Act will be found described and discussed in considerable detail.

CHAPTER VII

PERSONS INSURED UNDER THE ACT

Persons Compulsorily Insured (Section 1).

THE National Insurance Act earns its title by bringing into insurance the great majority of the working population. It compulsorily insures against loss of health all *employed* persons aged 16 to 69 years who are manual workers, and all such persons who are other than manual workers if their income does not exceed £160 a year.

It is, of course, but an exceedingly small proportion of the manual workers whose incomes exceed £160, so that, broadly speaking, it is true to say that the Act compulsorily insures all persons who work for employers and whose incomes do not exceed the Income Tax exemption limit of £160. It may be pointed out in this connection that by far the greater part of the population is below that limit of income. The number of Income Tax payers is about 1,150,000, representing, with their families, about 6,000,000 people, in round figures. The population being about 45,000,000 (1911), there are therefore about 39,000,000 people under the Income Tax line, and of these about 19,000,000 are engaged in occupations for gain. The number of manual workers, or wage-earners, is about 15,500,000, and the balance of 3,500,000 workers under the Income Tax line includes clerks, travellers, canvassers, shopkeepers, teachers, shop assistants, &c. These figures include, unfortunately, child workers of both sexes—there are plenty of boys of 13 working in the depths of our coal mines—but those over 16, nearly all the manual workers, and a large proportion of the mental workers (to use a term which has little meaning in connection with some of the employments to which it is applied), are compulsorily insured, while of the balance, all who are insurable lives have the opportunity to become voluntarily insured.

The schedule of occupations to which compulsory insurance extends is so widely drawn as to be almost universal. (First Schedule, Part I.) It covers persons, whether British subjects or aliens, working under any contract of service, written or oral, expressed or implied, whether paid by time or by piece, and whether mental or manual workers,

including artisans, mechanics, miners, servants, soldiers, sailors in the Royal Navy and the Mercantile Marine, fishermen, railway workers, out-workers, clerks, cabmen, travellers, canvassers, shop assistants, &c. Indeed, so wide is the schedule that its scope is best defined by considering the few exceptions to compulsory insurance named in the following Paragraph.

It may be well to point out again that employed persons are not compulsorily insured if their income exceeds £160 a year, unless they are manual workers. That is to say, a clerk earning £200 a year is not compulsorily insured while a linotype compositor earning £200 a year is compulsorily insured.

Persons compulsorily insured are termed by the Act "Employed Contributors."

With regard to the age limits, it should be observed that by Section 79 a person is deemed not to have reached the age of 16 until his sixteenth birthday, and similarly in respect of other ages.

By Section 114 a birth certificate may be bought for the purposes of the Act for 6d.

Occupations Excepted from Compulsory Insurance (*First Schedule, Part II.*).

The following specific exceptions from compulsory insurance are made :—

(1) State or municipal employees, and clerks and salaried officials of railway companies, but only when the terms of their employment secure them benefits as favourable as those provided by the Act.

(2) Teachers enjoying existing statutory benefit provisions.

(3) Agents paid by commission or fees, and employed by more than one employer.

(4) Casual employment where the employment is not for the purpose of the employer's trade, including as a trade the carrying on or management of a sport by a club. Thus a man casually engaged to carry a bag to a station is not compulsorily insured, while a "caddie" employed by a golf club is compulsorily insured.

(5) Subsidiary employment when it is not the principal means of livelihood ; but this exception only applies when it is made by Special Order under Section 113.

(6) Out-workers, or home-workers, when the out-worker is the wife of an insured man and not wholly or mainly dependent upon her earnings as an out-worker.

(7) Wives employed by their husbands, and husbands employed by their wives.

(8) Fishermen who work on a profit-sharing basis.

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ESTIMATE OF PERSONS TO BE INSURED BY THE NATIONAL INSURANCE ACT, 1942.

(NOT INCLUDING ARMY AND NAVY, FOR WHICH SEE CHAPTER XX.)

AGES.	COMPULSORY (SOCIETY MEMBERS).			VOLUNTARY (SOCIETY MEMBERS).			COMPULSORY AND VOLUNTARY (SOCIETY MEMBERS).		
	Men.	Women.	Total.	Men.	Women.	Total.	Men.	Women.	Total.
16-20	1,192,000	896,000	2,090,000	29,000	26,000	55,000	1,221,000	924,000	2,145,000
20-25	1,340,000	867,000	2,207,000	55,000	32,000	87,000	1,395,000	899,000	2,294,000
25-30	1,211,000	519,000	1,730,000	76,000	26,000	102,000	1,287,000	545,000	1,832,000
30-35	1,109,000	353,000	1,462,000	95,000	25,000	120,000	1,204,000	378,000	1,582,000
35-40	981,000	268,000	1,249,000	110,000	26,000	136,000	1,091,000	29,000	1,368,000
40-45	839,000	216,000	1,055,000	118,000	28,000	146,000	957,000	244,000	1,201,000
45-50	694,000	176,000	870,000	56,000	14,000	70,000	750,000	190,000	940,000
50-55	543,000	143,000	686,000	41,000	13,000	54,000	584,000	156,000	740,000
55-60	398,000	108,000	506,000	28,000	8,700	36,700	426,000	116,700	542,700
60-65	272,000	80,000	352,000	17,000	5,300	22,300	289,000	85,300	374,300
Total Members of Approved Societies	8,579,000	3,628,000	12,207,000	625,000	204,000	829,000	9,204,000	3,832,000	13,036,000
Deposit Contributors ...	638,000	244,000	882,000	?	?	?	638,000	244,000	882,000
GRAND TOTAL ...	9,217,000	3,872,000	13,089,000	625,000	204,000	829,000	9,842,000	4,076,000	13,918,000

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The Insurance Commissioners, however, have power to extend compulsory insurance to any of the occupations named in the above exceptions.

Exemptions from Compulsory Insurance (Section 2, and First Schedule, Part I.).

There are one or two cases in which persons included in the definition of Compulsorily Insured Trades may be exempted.

If an employed person has either (a) a pension or unearned income of £26 or more; or (b) is mainly or ordinarily dependent for his livelihood upon some other person, he is entitled to a certificate of exemption. The employer of such exempted persons has to contribute as though they had not been exempted (Section 4 (4)), in order that there may not be preferential employment of such exempted persons.

Out-workers may be exempted by Special Order of the Insurance Commissioners.

Inmates of charitable homes may be exempted by special certificate of the Insurance Commissioners if they are provided in sickness with proper medical treatment and maintenance. It is further provided that in the case of an inmate who leaves a home after more than six months' residence, the manager of the home must provide for his entering or re-entering insurance as though contributions had been paid during his residence. (Section 51.)

Questions as to Liability to Compulsion, &c. (Section 66).

The Insurance Commissioners are to decide by regulations if any question arises as to whether any particular class of occupation is or is not included in the compulsory provisions, or whether any person is entitled to be a voluntary contributor. The persons concerned can challenge the decisions of the Insurance Commissioners by appeal to the County Court, with a further right of appeal to the High Court.

Employed Persons aged 65 to 69 (Section 49).

It should be observed here that where persons aged 65 to 69 are compulsorily insured, special provisions are made for them, which will be dealt with when we come to consider contributions and benefits. Suffice it here to say that they do not enjoy all the advantages of persons not over 65.

Persons who may be Voluntarily Insured (Section 1).

Persons of either sex who do not come within the compulsory insurance provisions described, may voluntarily insure themselves if

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- (1) They work for their living in some regular occupation and are wholly or mainly dependent on that occupation, or
- (2) If they have been insured persons for five years or more.

The second provision is put in to enable compulsorily insured persons, who cease to have an employer, to continue in insurance.

No person can become voluntarily insured if his income from all sources exceeds £160 a year, unless he has been insured for five years or more.

Persons voluntarily insured are described in the Act as "Voluntary Contributors."

It has been reluctantly found necessary to exclude married women who are not working for gain from the privilege of voluntary insurance unless they have been insured before marriage, when the insurance is continued at the woman's option in order to give her value for her subscriptions made before marriage (see Chapter XVI.). The reason is that it is extremely difficult in the case of married women to find a practical method of controlling and checking claims for sick pay.

Membership Sections came into Operation December 16, 1911 (Sections 23 & 30).

It should be observed that by Section 23 an Approved Society (a democratic institution set up by the Act which is chiefly responsible for its local administration) can come into existence before the date of the general operation of the Act (July 15, 1912); and by Section 30 any person entitled to be insured may become a member of an Approved Society at any time after the date the Act passed into law (December 16, 1911).

Numbers of Insured Persons (*Command Paper 5995*).

The actuaries, Messrs. George F. Hardy and Frank B. Wyatt, who worked out the financial scheme upon which the National Insurance Act is based, formed estimates of the number of persons brought within its scope by the above provisions. The table on page 75 is based upon the actuaries' figures.

It will be seen that it is estimated that in 1912 the persons compulsorily insured will number 13,089,000; the men numbering 9,217,000 and the women 3,872,000. These figures are approximately true, as they are based upon the Census returns, but they cannot be accurate, as the last available census of occupations was taken in 1901. It was not the fault of the actuaries that we conduct a Census only once in a decade.

With regard to voluntary insurance, it is estimated that 829,000

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men and women will avail themselves of the provisions. This in the nature of the case is intelligent guesswork; the number may prove to be much higher.

The aggregate of compulsorily and voluntarily insured persons is estimated at 13,918,000, being 9,842,000 men and 4,076,000 women.

It is seen, therefore, that about 14,000,000 persons are brought within the scope of the Act at its beginning, out of some 19,000,000 persons under the Income Tax line following some occupation for gain. This figure is exclusive of the Army and Navy, for which see Chapter XVIII.

The reference in the table on p. 75 to Deposit Contributors will be understood from Chapter XV.

CHAPTER VIII

THE CONTRIBUTIONS

Contributions of the Compulsorily Insured (Sections 3 to 7).

THE "Contributions" division of the Act opens with the following statement as to how the necessary funds are to be raised :—

"The funds for providing the benefits conferred by this Part of this Act and defraying the expenses of the administration of those benefits shall be derived as to seven-ninths (or, in the case of women, three-fourths) thereof from contributions made by or in respect of the contributors by themselves or their employers, and as to the remaining two-ninths (or, in the case of women, one-quarter) thereof from moneys provided by Parliament."

Under the second schedule the seven-ninths for men is defined as 7d. per week, and the three-quarters for women at 6d. per week. It follows arithmetically, therefore, that the total weekly contributions in respect of each insured person is for a male 9d. and for a female 8d.; it also follows that the State's contribution is 2d. per week. For reasons explained in Chapter XX., however, the State contributes less than 2d. per week at the beginning of the Act, and eventually more than that sum.

Other Contributions by the State.

The above statement, however, does not express the whole of the State's contributions to the Insurance Fund. The following additions should be carefully noted :—

(1) The State bears the entire cost of the general administration of the scheme by the four State Insurance Offices respectively set up for England, Wales, Scotland, and Ireland.

(2) Under the Finance Act of 1911 the State provides £1,500,000 towards the building of sanatoria in connection with the Sanatorium Benefit described in Chapter X.

(3) The State contributes a penny per annum for each employed person in respect of the Sanatorium Benefit described in Chapter X.

(4) The State contributes part of the joint contribution of employer and employed to help low-paid labourers.

(5) The State may, in conjunction with Local Authorities, contribute indefinitely towards the cost of the Medical Benefit and Sanatoria Benefit described in Chapter X.

These things, taken together, mean a substantial further addition to the Insurance Funds, apart from the State payment of the cost of two-ninths of the normal benefits paid out and of a proportion of the contributions in respect of low-paid workers.

Employer's Payment and Worker's Payment (*Second Schedule*).

It has been stated above that the total contribution in respect of a male is 7d. and of a female 6d. In the case of either sex the employer has to contribute 3d., so that the male Insured Person's contribution is 4d. and the female Insured Person's contribution is 3d.

If, however, wages do not exceed 15s. a week, or 2s. 6d. a day, the man pays a smaller, and the employer a larger, proportion of the total subscription. When the wage is over 12s. and not over 15s., the man's contribution is reduced to 3d., while the employer's contribution is increased to 4d. for a man worker.

When the wage is at the rate of over 9s. but not over 12s., the contribution of the worker, whether man or woman, is reduced to 1d. a week, the State paying another 1d., while the employer's contribution is increased to 5d for a man and 4d. for a woman.

When the wage is not over 9s., the worker, man or woman, pays nothing, the State paying the employee's contribution, which is taken as 1d., while the employer pays 6d. for a man and 5d. for a woman.

These rates do not apply to those under 21 years of age. The rates up to 21 are uniform, the boy's subscription of 7d. being met as to 4d. by the worker and as to 3d. by the employer, while the girl's subscription of 6d. is payable as to 3d. by the worker and as to 3d. by the employer.

In order to make these provisions perfectly clear the tables on page 83 have been designed.

It will be seen that the contributions are at a flat rate irrespective of age, and that there is a graduated scale of contributions for those who earn low wages.

Ordinarily, contributions are paid weekly, but other periods may be arranged, and presumably these will follow the customary periods of wage payments, e.g., contributions will be monthly in the case of a domestic servant.

All contribution ceases at 70 years of age.

It has been assumed in the above description that the contribution must be paid for every week of the year, and that, therefore, it is actually 4d. a week (or as the case may be). As a matter of fact few men will pay the full 4d., and in the average case it is considerably less than 4d.

Friendly Societies have in the past demanded payment of contributions for every week whatever the health or destitution of the member. The Approved Societies under the Act must excuse an average of three contributions a year during unemployment without loss of benefit. If we take the average unemployment at three weeks accordingly, we see that three fourpences a year are at once knocked off the average member's contribution. That is to say, 52 times 4d. is 17s. 4d., but the allowance for unemployment reduces the average contribution to only 16s. 4d.

Again, no contributions under the Act have to be paid while a man is sick and in benefit, whereas Friendly Societies deduct the contribution when paying the benefit.

Now sickness grows with age, and the average man therefore will pay less and less to the State Insurance as he grows older. To show precisely what this means I give the four following tables relating to ages 35, 45, 55, and 65. The deductions I have made for sickness are the average experience of sickness as calculated by the Government actuaries (see Chapter XX.).

WHAT A MAN OF 35 PAYS A YEAR.

									s. d.
52 weeks at 4d.	...	...	...	...	...	...	...	...	17 4
Deduct—									
Unemployment	...	...	...	...	...	3·0 weeks			
Sickness	...	...	...	...	...	1·2 „			
							4·2 „	say 1 4	
Net Contribution	...	...	...	...	...				16 0

WHAT A MAN OF 45 PAYS A YEAR.

									s. d.
52 weeks at 4d.	...	...	...	...	...	...	...	...	17 4
Deduct—									
Unemployment	...	...	...	...	...	3·0 weeks			
Sickness	...	...	...	...	...	1·8 „			
							4·8 „	say 1 7	
Net Contribution	...	...	...	...	...				15 9

WHAT A MAN OF 55 PAYS A YEAR.

									s. d.
52 weeks at 4d.	...	...	...	...	...	...	...	...	17 4
Deduct—									
Unemployment	...	...	...	...	...	3·0 weeks			
Sickness	...	...	...	...	...	3·4 „			
							6·4 „	say 2 1	
Net Contribution	...	...	...	...	...				15 3

WHAT A MAN OF 65 PAYS A YEAR.

									s. d.
52 weeks at 4d.	...	...	...	...	...	...	...	...	17 4
Deduct—									
Unemployment	...	...	...	...	...	3·0 weeks			
Sickness	...	...	...	...	...	8·7 „			
							11·7 „	say 3 11	
Net Contribution	...	...	...	...	...				13 5

It will be observed that I have taken unemployment at a flat rate during life. In real life it increases with age. But merely to take the tables as they stand we see that :

A man of 35 pays 16s. Od. per annum (about) 3·7 pence a week
A man of 45 pays 15s. 9d. „ „ „ 3·6 „ „
A man of 55 pays 15s. 3d. „ „ „ 3·5 „ „
A man of 65 pays 13s. 5d. „ „ „ 3·0 „ „

So we see that the 4d. diminishes through life and at 65 is roughly 3d. In the same way, a woman instead of paying 3d., pays less and less as she grows older, until at 65 she is only paying a fraction over 2d.

Contributions for the Voluntarily Insured (Section 5).

For six months after the beginning of the Act (*i.e.*, July 15, 1912) Voluntary Contributors whose age is below 45 have the opportunity of joining the scheme at the rate of Compulsory Contributors, but they have to pay the share of the contribution which is borne by the employer in the case of Employed Contributors (*i.e.*, a man will pay 7d. and a woman 6d.).

If the Voluntary Contributor is 45 years of age or more, or if, being under 45, he neglects to join the scheme within the six months referred to, he will have to pay a proper rate for age to be calculated actuarily by the Insurance Commissioners.

THE CONTRIBUTIONS

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NORMAL CONTRIBUTIONS FOR A MALE WORKER.

Age and Wage. (Age means <i>Age at Entry</i> .)	Weekly Contributions.			State's Share of Cost of Benefits.	Total.
	By Worker.	By Employer.	By State.		
If not over 21 years:					
All wages	4	3	—	2	9
If over 21 years:					
Wages over 2s. 6d. a day ...	4	3	—	2	9
Wages 2s. to 2s. 6d. a day ...	3	4	—	2	9
Wages 1s. 6d. to 2s. a day ...	1	5	1	2	9
Wages not over 1s. 6d. a day	0	6	1	2	9

NORMAL CONTRIBUTIONS FOR A FEMALE WORKER.

Age and Wage. (Age means <i>Age at Entry</i> .)	Weekly Contributions.			State's Share of Cost of Benefits.	Total.
	By Worker.	By Employer.	By State.		
If not over 21 years:					
All wages	3	3	—	2	8
If over 21 years:					
Wages over 2s. 6d. a day ...	3	3	—	2	8
Wages 2s. to 2s. 6d. a day ...	3	3	—	2	8
Wages 1s. 6d. to 2s. a day ...	1	4	1	2	8
Wages not over 1s. 6d. a day	0	5	1	2	8

If a Compulsory Contributor, after having been insured for five years or more, passes out of employment, he can continue as a Voluntary Contributor at the compulsory rate.

Contributions of Voluntary Contributors cease at 70 years of age.

Change from Voluntary to Compulsory and Vice Versa (Section 6).

It is necessary to make arrangements with regard to changes as between voluntary and compulsory insurance.

(1) *Change from Voluntary to Compulsory.*—When a man who has been voluntarily insured becomes employed, and therefore compulsorily insured, he must go on paying at the voluntary rate, unless he gives notice of his wish to enjoy the employed rate.

(a) If he gives such notice, he is to enjoy the employed rate, but his rate of sickness benefit is reduced to such a sum as would have been payable if he had not been previously insured, but also subject to such proper addition as represents the reserve which he has accumulated.

(b) If he does not give such notice, he will go on paying the voluntary rate, and his employer's contribution will be credited towards that rate, whatever it is.

The meaning of (b) will be clear when it is remembered that those Voluntary Contributors under 45 who take advantage of the six months allowed at the start of the Act can join at 7d., but that older persons, or persons under 45 who do not take advantage of the six months' grace, will have to pay a higher rate for age. If a Voluntary Contributor paying 7d. becomes employed, it is immaterial to him to give notice, since his employer will automatically pay 3d. out of his 7d. on his becoming employed. If, however, he is a Voluntary Contributor who has paid, let us say, 9d., then the employer's 3d. will leave him 6d. to pay if he does not apply for the employed rate.

(2) *Change from Compulsory to Voluntary.*—When an Employed Contributor has been for five years insured, and ceases to be employed, he can become a Voluntary Contributor at the employed rate.

If he has not been five years employed, and becomes a Voluntary Contributor, he is treated as though in arrears for the difference between the aggregate contributions he has actually paid and the aggregate contributions that he would have paid if he had been a Voluntary contributor all the time. Further, his reserve value (Section 55) has to be adjusted.

Contributions in Seasonal Trades (Section 50).

There are certain trades, as, for example, the hat trade of Luton, in which, from the seasonal character of the industry, employment

fluctuates periodically, for reasons out of the control of the employers. In such cases, where employers systematically employ persons throughout the year, and work short time in the slack season, the Insurance Commissioners are given power by Special Order to adjust the contributions to suit the exigencies of the trade, increasing the rate in one part of the year, and decreasing it in another, in such manner as to secure proper payment for the year as a whole.

Contributions for Compulsory Contributors aged 65 to 69
(Section 69).

As has been already stated, there is a special scheme for persons aged from 65 to 69 who work for an employer. They are compulsorily insured, but the State, instead of paying two-ninths of their benefits as ordinarily, pays an actual weekly contribution of 2d. in respect of each of them.

Contributions Owing by Bankrupt Employers (*Section 110*).

If an employer becomes bankrupt, any insurance contributions which are owing in respect of the four months before the date of the receiving order, or of the winding-up order in the case of companies, are to rank for priority under the Bankruptcy, Companies, and Stannaries Acts.

Penalization of Defaulting Employers (*Sections 69 and 70*).

The employer who fails to pay the contribution due from him under the Act is liable on summary conviction to a fine not exceeding £10 for each offence, and to pay the sum owing for contributions.

Not only so, but the workman, in respect of whom the employer has failed to pay, is entitled to proceed against the employer for any loss of benefit or right under the Act which he has suffered by reason of his employer's default, and to obtain damages for the amount of the loss. And these proceedings may be taken quite irrespective of any proceedings taken with regard to the contributions themselves.

Questions as to Rates of Contributions (*Section 66*).

Questions may possibly arise as to (a) the rate of contribution payable by or in respect of an insured person, or (b) the respective shares of the employed rate payable in any case, as, for example, where there is doubt as to value of payment in kind, and therefore of wage, in cases of low-paid agricultural labour.

Such cases are to be determined by the Insurance Commissioners, but their decision may be appealed against in the County Court, with further appeal to the High Court.

As to questions under (a) the Commissioners have power to leave decisions to the Approved Society of which the person is a member.

While it is necessary to insert such provisions as this in the Act, it should not be forgotten that no such questions can ever arise for the overwhelming majority of the insured.

Modified Contributions where Employers Maintain in Sickness (Section 47).

There is a special provision modifying contributions in cases where employers maintain their workpeople in sickness.

In some occupations there is a general or partial custom, more or less definitely implied in the contract of service, that the employee is maintained during sickness and provided with free medical attendance. This is more or less the case with domestic servants and shop assistants who live in. Clerks as a rule are paid their salaries for some time when they fall ill. In Scotland it is the custom to pay an agricultural labourer full wages for the first six weeks of illness. Much uncertainty attends most of these customs, which often vary greatly in practice with the character of the employer.

The object, in framing provisions to meet such cases, is to respect custom where it is respectable, while seeing to it that workers do not go uninsured because a certain proportion of them are already insured through the excellent custom of their employers. Mr. Lloyd George himself has stated his object as "to convert uncertainty into certainty, insecurity into security."

Section 47, dealing with this special matter, provides that the Insurance Commissioners may from time to time, by Special Orders, specify employments in which they are satisfied that there is a custom of maintaining or paying workers in sickness, bringing such employments within the scope of the following provisions :—

The employer in such trades may elect to assume liability to pay his employees full pay during the first six weeks of their sickness. If he makes such election, reduced contributions are accepted in respect of his workers ; if he refuses to accept such definite liability, then the ordinary contributions are payable. If the liability is accepted, the contributions of employer and employed are reduced by, in the case of a male worker, one penny for the employer and one penny for the man, and in the case of a female worker, one halfpenny for the employer and one penny for the woman.

The provision does not apply to persons earning less than 10s. a week.

As this arrangement makes a very considerable alteration through-

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MODIFIED CONTRIBUTIONS FOR A MALE WORKER.

Age and Wage. (Age means <i>Age at Entry.</i>)	Weekly Contributions.			State's Share of Cost of Benefits.	Total.
	By Worker.	By Employer.	By State.		
If not over 21 years:	Pence.	Pence.	Pence.	Pence.	Pence.
All wages	3	2	—	2	7
If over 21 years:					
Wages over 2s. 6d. a day...	3	2	—	2	7
Wages 2s. to 2s. 6d. a day	2	3	—	2	7
Wages 1s. 8d. to 2s. a day	0	4	1	2	7
Wages less than 1s. 8d. a day	0	6	1	2	9

MODIFIED CONTRIBUTIONS FOR A FEMALE WORKER.

Age and Wage. (Age means <i>Age at Entry.</i>)	Weekly Contributions.			State's Share of Cost of Benefits.	Total.
	By Worker.	By Employer.	By State.		
If not over 21 years:	Pence.	Pence.	Pence.	Pence.	Pence.
All wages	2	2½	—	2	6½
If over 21 years:					
Wages over 2s. 6d. a day...	2	2½	—	2	6½
Wages 2s. to 2s. 6d. a day	2	2½	—	2	6½
Wages 1s. 8d. to 2s. a day	0	3½	1	2	6½
Wages less than 1s. 8d. a day	0	5	1	2	8

out the scale of rates, I give on page 87 tables in which the matter is clearly set out.

It should be understood that this modifying provision in no way diminishes the domestic servant, clerk, shop assistant, agricultural labourer, or other worker who comes under it. All the benefits which will presently be described remain intact, save that the employer's maintenance by full wages for six weeks takes the place of the first six weeks' money benefit. For example, if a domestic servant under the modified scheme falls ill, her employer is definitely bound to pay six weeks' full wages (instead of the four weeks for which she has hitherto been, *perhaps*, legally liable), and at the expiration of that six weeks she is entitled to the ordinary money benefit. She also gets medical attendance, &c.

Contributions Cease at 70.

The contributions of both compulsorily and voluntarily insured persons cease at 70 years of age, at which age old age pensions are payable under the Old Age Pensions Act. Although contributions cease, certain benefits, but not all, are continued throughout life.

No Compulsory Double or Extra Contribution.

It should be clearly understood that when a Compulsorily Insured Person is already a member of a Friendly Society or Trade Union, to which he subscribes for sickness benefit, he has not to pay a compulsory contribution to the State scheme *in addition* to his existing contribution to his Society.

For his Friendly Society will naturally become an Approved Society (see Chapter XII.) to work the State scheme, and his compulsory contribution will, therefore, be credited to his Society as part of his usual subscriptions.

In the unlikely event of his Society not becoming an Approved Society he will be free to leave it and to join an Approved Society.

CHAPTER IX

COMPULSION IN PRACTICE

How Compulsion is Effected (Section 4 and Third Schedule).

THE compulsory principle of the Act is effected by the provision that the employer is to pay the whole of the 7d. (or other contributions due in respect of his employee) over to the State Insurance Fund, and to have power to recover that part of the contribution payable by his employee, viz., 4d. (or as the case may be), by deducting it from his wages. There is no other possible procedure, and, fortunately, it is one which gives a minimum of trouble to all the persons concerned.

Industrial insurance as commonly practised is, unfortunately for the poor, an exceedingly wasteful business. Even to give collectors a poor wage absorbs a very large part of small contributions, and as a consequence the management expenses of Industrial Insurance Companies and of Collecting Societies usually amount to 50 per cent. of the premium income. Of every £1,000 expended by Collecting Societies, the Registrar-General of Friendly Societies tells us, the amount applied to various purposes is as follows:—

	£
Sickness Pay	8
Sums at Death	444
Other Benefits	33
Other Payments	16
Management Expenses	499
	<hr/>
	£1,000

Indeed, it cannot be otherwise, if collectors are employed. Friendly Societies proper, on the other hand, which employ no collectors have management expenses as follows:—

MANAGEMENT EXPENSES OF FRIENDLY SOCIETIES PROPER.

	Per Cent. of Receipts.					
In England	10·35
,, Wales	11·99
,, Scotland	11·73
Ireland	10·55

The State scheme, by collecting the contributions from workmen through their employers, saves the workmen 30 to 40 per cent. of their contributions, or say from 1d. to 1 $\frac{1}{4}$ d. each per week, which means in the aggregate the saving of a very large sum of money—about £2,500,000—a year.

How the Employer Pays and Deducts (*Third Schedule*).

The employer is enabled to pay the insurance contributions over to the State with convenience by a system of stamping which the Third Schedule of the Act gives the Insurance Commissioners power to arrange.

Specially designed Insurance Stamps of the various values to meet the requirements of the respective joint contributions (which, as will be seen by the tables on pages 83 and 87, are as follows: for weekly contributions, 3 $\frac{1}{2}$ d., 4d., 4 $\frac{1}{2}$ d., 5d., 6d., and 7d.) will be on sale at all Post Offices. By the purchase of these the employer pays his contributions, and is done with that part of his duty.

The rest is a matter of recovering the proper share of the contribution from his workmen.

The workman obtains from his Approved Society a proper Insurance Card, issued to the Societies by the Insurance Commissioners. This card is good for, say, three months, and has, accordingly, spaces corresponding to 13 weekly contributions. Each week the workman presents this card to the employer when wages are paid, and receives his wages less the 4d. (or as the case may be) deductible by the employer. If the wage is 30s. he will receive 29s. 8d. plus a 7d. stamp affixed to his Insurance Card. This is in effect and in truth an increase of wage of 3d. per week.

We may put it thus, that out of a wage compulsorily increased by 3d. a week the workman is compelled to contribute 7d. to a State insurance system.

So the employer recovers what he pays to the State, and the workman knows that the payment has been made on his behalf.

The employer may only deduct the contribution when he pays the week's wages. He cannot let the fourpences run and deduct them *en bloc*. He must deduct when he pays, and he is liable whether he deducts or not. This makes the system almost completely automatic, so that little inspection will be required.

It is no business of the employer to be informed what Approved Society his workman has chosen to be insured through, and, of course, it does not matter to the employer, whose liability ceases with the affixing of the stamps which show that he has paid the 4d. and the 3d.

The employer is prohibited from writing anything on the card, or from marking it in any way.

With his card duly stamped, the workman can show his chosen Approved Society that his contribution is properly made, and the Society enters it up in its books accordingly. No doubt in many cases workmen will save themselves trouble by leaving the card with their employer from month to month or from quarter to quarter, but the workman can demand that his card be stamped up weekly, and it is his legal right to have it always in his possession if he cares to do so.

At the end of a quarter the member will take his filled-up card to his Society, and obtain a new one in exchange. Thus the intercourse and relations between members and their branches or lodges is fully protected. If a member had not to attend to enter up his card, branch and lodge meetings would be weakened or broken up.

At the end of each quarter, or at other periodic intervals, the Approved Society will send its stamped cards to the State Insurance Office, and so obtain credit for its members' contributions.

As a result of this very simple plan, each Approved Society will have to its credit at the State Insurance Office the contributions paid by employer and employee in respect of its members.

The Workman's Gain in Freedom.

So plain and efficient is this plan that it will surely be a pleasure to every insured person to feel that he has a part in it; to realize how the Government has helped him to help himself; to understand how a great nation can, by collective effort, reduce to simplicity and economy what is ordinarily the most complicated and costly of businesses; and to know that he is no longer a disregarded item in an enormous population, but that he has a special place of his own in the national organization, and that the possibility of his becoming ill or incapacitated has become a matter of national concern calling for national concerted effort.

In one sense, it is true, there is a very real compulsion exercised. On the other hand the workman wins by means of it more than one new element of freedom. He gains some degree of freedom from one of the worst of cares—cares which cause, as we have seen, some 5,000,000 or so of our people to pay an average contribution of about 5d. a week for small benefits in societies many of which are insolvent. It may be added here, in partial anticipation of the provisions we shall examine in succeeding chapters, that he gains a new freedom in connection with employers' provident funds where they exist, and that in dangerous illness he is protected from distress if he has difficulty in

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meeting his rent. And compulsion ends with the deduction which buys him more than value in insurance for his money. He is free to choose his Society, and free within very wide limits, in union with his fellow-members, to manage the affairs of his chosen Society with State help and expert guidance.

Further, an Insured Person gains a right of appeal from decisions of his Society which he does not now possess. Disputes between a member and his Society are (Section 67) to be determined in the first place by the rules of the Society, but members are given the right of appeal to the Insurance Commissioners, who may authorize Referees to arbitrate in the matter.

Employer may not Deduct his own Share.

It is provided by the Third Schedule, Paragraph 8, that "Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or otherwise to recover from the contributor the employer's contribution."

Workman with more than One Employer.

When a workman has more than one employer in the same week, "the first person employing him in that week or such other employer as may be prescribed" pays the contribution. There ought to be no difficulty in the majority of such cases, but if difference arises the Insurance Commissioners can equitably adjust it.

Inspection Under the Act (*Section 112*).

The Insurance Commissioners have power to appoint Inspectors to assist them to see that the provisions of the Act are carried into effect, but it is stipulated that they are not to enter private dwelling-houses unless they are workshops. In the great majority of cases little or no inspection will be needed, and there is no reason to suppose, therefore, that any considerable additional degree of official inspection will be added to industrial life by the Act.

Under Section 112 (4) the Insurance Commissioners may arrange to utilize the services of existing factory or other inspectors, and presumably this will be done. There does not appear to be any call to add to existing inspectorates because of the element of compulsion which necessarily attaches to National Insurance.

CHAPTER X

THE BENEFITS

Broad Outline of the Benefits (Section 8).

THE principle of the Act with regard to Benefits is to set up a scale of "Minimum Benefits," as far as possible at a flat rate, for application to the whole body of the insured.

The Benefits do not vary with wage as in Germany. The minimum is not established in ignorance of the fact that 10s. a week means 50 per cent. of wage to some workmen and only 25 per cent. to others. The conception is that the Minimum Benefits are for the minimum case, and that over and above the Minimum Benefits the workers are free to insure themselves for as much as they please. It follows from this principle that the lowest-paid workmen gain most under the Act. A man earning 20s. a week gets 10s. a week in sickness; a man earning £3 a week gets no more. The latter, if he supplements his State insurance to obtain a larger proportion of his wage in sickness, will have to pay ordinary rates to do so. The Act does not prevent a man from insuring himself for as much as he pleases; but it does compel him to insure for a minimum.

The Minimum Benefits of the Act are as follows :—

(1) "MEDICAL BENEFIT."—Medical treatment by a duly qualified doctor, including the provision of medicine. The doctor is in normal cases to prescribe only and the medicine is to be dispensed by a duly qualified chemist.

(2) "SANATORIUM BENEFIT."—Special treatment, in sanatoria or otherwise, for Insured Persons, who contract tuberculosis or such other diseases as the Local Government Board with Treasury approval may schedule.

(3) "SICKNESS BENEFIT."—Money payments while rendered incapable of work by some specific disease, or by bodily or mental disablement. Normally 10s. a week for a man and 7s. 6d. a week for a woman, beginning with the fourth day of illness and continuing for not more than 26 weeks.

(4) "DISABLEMENT BENEFIT."—A continuation of Sickness Benefit, for an indefinite period, until 70 years of age; normal rate of 5s. a week.

(5) "MATERNITY BENEFIT."—Payment, in money or in kind, of 30s. in the case of either an insured woman or the wife of an insured man.

This concludes the list of Minimum Benefits, but if surpluses arise in the funds of Approved Societies (a considerable margin is allowed for, as will be seen in Chapter XX, on Finance) "Additional Benefits" may be granted out of a long list named in the Fourth Schedule of the Act, the chief of which are :—

ADDITIONAL BENEFITS.—

- (1) Free medical attendance for dependants.
- (2) Benevolent fund for distressed members.
- (3) Granting sick pay from first, second, or third day of sickness ; increasing sick pay either in all cases or in the case of married men with large families.
- (4) Convalescent allowances in selected or necessary cases. Building and maintaining convalescent homes.
- (5) "Pocket-money" for men in hospital or convalescent homes, whose dependants are receiving sick pay.
- (6) Additional invalidity or superannuation benefit, or addition to Old Age Pension.
For instance, the Societies might (when their funds permit) begin to grant a pension before 70, with an option to the recipient of taking an increase to his Old Age Pension if he prefers to wait till 70.
- (7) An increase of the maternity benefit.
- (8) Dental treatment.

While payment of some of these Additional Benefits is not certain, but only probable, in the near future, it becomes a certainty after the lapse of the period (about 18 years) during which the system as a whole is bearing the burden of bringing into insurance as though 16 years of age persons over that age in 1912. About 1930, that is, Parliament will be able to enlarge Benefits very greatly by granting some such benefits as are described above without calling for increased contributions.

WAITING PERIODS.—Insured persons become eligible for benefit after the lapse of certain "waiting periods," which are as follows :—

- (1) Medical Benefit.—No medical benefit for first 6 months after commencement of the Act.
- (2) Sanatorium Benefit.—There is no waiting period for this benefit.
- (3) Sickness Benefit.—No sickness benefit for 26 weeks after entry into insurance and until 26 contributions are paid by or in respect of the insured person.

- (4) Disablement Benefit.—No disablement benefit for 104 weeks after entry into insurance and until 104 contributions are paid by or in respect of the insured person.
- (5) Maternity Benefit.—No maternity benefit for 26 weeks (voluntary contributors 52 weeks) after entry into insurance and until 26 (or 52) contributions are paid by or in respect of the person.

ADMINISTRATION.—The administration of the various benefits is as follows (for Society Members).

The Insurance Committees administer Medical Benefit, Sanatorium Benefit, or any Additional Benefit of a medical character.

The Approved Societies administer Sickness, Disablement, and Maternity Benefits, or any Additional Benefit other than of a medical character.

For Deposit Contributors, the Insurance Committees administer all benefits.

We will now proceed to the details of each of the Minimum Benefits.

Medical Benefit (Sections 8, 15, &c.).

The Medical Benefit, defined as "Medical treatment and attendance, including the provision of proper and sufficient medicines, and such medical and surgical appliances as may be prescribed by regulations to be made by the Insurance Commissioners," is of primary importance. Its administration is entrusted to the Insurance Committees, who have charge of all the hygienic measures of the Act.

Under regulations to be made by the Insurance Commissioners the Insurance Committee is to "make arrangements with duly qualified medical practitioners." It is a wide and elastic term, and it should be observed that no particular terms of contract or methods of payment are laid down.

Further, the "arrangements with duly qualified practitioners are to be made within the four corners of regulations to be made by the Insurance Commissioners. Section 15 (2) provides, in brief:—

The regulations made by the Insurance Commissioners shall provide for the arrangements made being . . . such as to secure that Insured Persons shall . . . receive adequate medical attendance and treatment from the medical practitioners with whom arrangements are made, and shall require the adoption by every Insurance Committee of such system as will secure—

- (a) The preparation of panels of doctors who agree to attend Insured Persons.
- (b) The right of any doctor to be included in the panel.

- (c) The right of every Insured Person to choose from the panel, subject to the right of the doctor to refuse to attend any particular individual.

It will be seen that the plan is to offer all the doctors in a locality the opportunity to enrol themselves on an approved local panel of doctors, *and to give the local contributors free choice of doctor from the official panel.*

The object of these provisions is to make a radical change in the conditions and status of "Club" doctoring. They should serve, in conjunction with the financial provisions of the Act, to sweep away existing abuses, and to make it possible for any self-respecting practitioner to add his name to the doctors' panel.

Something has to be done to safeguard the Insurance Committee and the State from the possible attempt by some doctors to secure patients, and therefore more emolument, by making a reputation as "soft" doctors, from whom sick certificates can easily be obtained by malingerers. This, it is hoped, will be done most effectively by applying a check from within the profession itself. The doctors in any district can protect each other and the scheme by forming a committee to watch the interests of the local official doctors as a whole. Section 62 sets out that where such a proper "Local Medical Committee" is formed, it is to be recognized by the Insurance Commissioners and consulted by the Insurance Committees in connection with the medical side of their duties.

The past remuneration of Society doctors has been on a very low scale. Of seven Lodges of the Manchester Unity, particulars of which were furnished me early in 1912, two paid 3s. per member, one 3s. 6d. per member, and four 4s. per member, per annum, an average of 3s. 7d., and this low contract rate covers both doctor and medicine. It is probable that this figure 3s. 7d. is about the average for the great Affiliated Orders and larger single Societies. The smaller Friendly Societies often pay less than 3s. Then there are the Medical Aid Societies and works clubs, which also pay very low rates as a rule.

It should not be forgotten that far more people subscribe for Medical Benefit alone than for Sickness Benefits. It is probable that fully 7,000,000 people pay into medical clubs of some sort or other, and that, therefore, the range of improvement of medical contract practice is even greater than I represented it in "A Nation Insured." If we take the 7,000,000 as paying 3s. 6d. each per head, we get an income from contract practice of only £1,225,000.

The Government actuaries, in preparing the basis of the scheme, allowed 6s. per head for doctor and medicine. That is to say, the same 7,000,000 people who now pay about £1,225,000 for doctor and

medicine would pay £2,100,000 upon the plain terms of the financial scheme. A further 7,000,000 brought into the scheme would pay a further £2,100,000, making £4,200,000 of definite income for doctors and chemists under the financial provisions of the Act, leaving 31,000,000 of our 45,000,000 people to private practice.

It is exceedingly difficult to get at definite particulars (who shall decide when doctors disagree?) as to what the medical income of the nation now is. In view of known facts as to wages, however, *it is difficult to believe that the average workman pays 6s. per annum for doctoring.* Indeed, the conviction is forced on us that the average is much less. How is the average working-class family to meet a serious doctor's bill? Surely the commonsense view is adopted by the doctor who, reporting out of his own experience, told the British Medical Association—

"I have a strong feeling that all working men should join those great Friendly Societies as being an insurance in days of sickness. Moreover, it is the fairest way for the doctor, who simply insures the man and takes his risk. . . . Above all, when a man has a long illness, the doctor either gets nothing, or too small a fee, or if he be a hard-hearted, cold-blooded man extorts from poor persons money which ought to be spent on food, wine, or change of air. . . . I am of opinion that a working man who pays 5s. per annum for attendance and medicine for himself is equitably treated" (British Medical Association Report on Contract Practice, 1905).

Let me quote another opinion from the same Report which seems very much to the point: "In a manufacturing town," says a Leicestershire doctor, "it is absolutely necessary to have sick clubs and medical officers paid at contract rates, or we should have to work for nothing and keep a clerk to keep our books, for the overdue accounts would be enormous."

The effect of the Act from the doctor's point of view is to raise the status and pay of Society doctoring, and to enlarge and make definite the medical income derived from working-class practice. Whether 6s. is enough or not may be reasonably in dispute; it cannot be in dispute that working men and women have not paid anything like 6s. in the past.

And while the doctor's remuneration per member of the Societies is raised considerably, it is important for the profession to realize that their work per member is decreased. Under the preventive part of the proposals, *the Society doctors will be largely relieved of their chief care—the attendance upon consumptives.* About 25 per cent. of the sickness of such a Society as the Foresters is due to tuberculosis.

In connection with the Act the Government is applying a capital sum of £1,500,000 for the purposes of aiding and stimulating the construction of a chain of sanatoria throughout the country which

will have an income, as will be presently seen, of about £1,000,000 per annum. In this great and beneficent expenditure doctors will, of course, share professionally, since their attendance on sanatoria patients will be essential; but the chief consideration from the doctor's point of view is that these sanatoria will withdraw from the daily round of their Society work a considerable proportion of their most troublesome patients. It does not appear to be realized by the profession that the Sanatoria scheme will call for the whole time engagement of hundreds of medical men, who will be withdrawn from ordinary practice.

And while the definite provision under the Act for doctoring and medicine is 6s. per head per member per annum, the Insurance Committees who administer the Medical Benefit may, with the consent and approval of the Local Authority and the Treasury, spend indefinitely upon it. The words of Section 15 (7) are that "if in any year the amount payable to an Insurance Committee [for Medical Benefit] is insufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the Council of the County or County Borough an account . . . and the Treasury and the Council may, if they think fit and if satisfied that the amounts so payable and the proposed expenditure are reasonable and proper in the circumstances, sanction the expenditure." The next Subsection provides that, if they thus consent and approve, the Treasury and Local Authority are to share the extra cost between them.

On the question of income limit, as applied to Medical Benefit, Subsection (3) provides that the regulations of the Insurance Commissioners must give the Insurance Committee power to fix an income limit above which the Insured Person may be required to provide his own doctoring, the Committee paying towards the doctor's bill such sum as the Insured Person would cost them if under the income limit. In this connection the constitution of the Insurance Committee should be borne in mind. Insured Persons have a considerable majority of representatives upon it, so that it is not likely that any low income limit will be fixed in any case.

Provision is made to recognize the "Medical Institutes" which have been established in a number of places by Friendly Societies. These Institutes retain doctors to practice solely for their patients, sometimes at low salaries. In future, any contracts made with doctors for whole time attendance must be approved by the Insurance Commissioners, so that the doctors concerned gain a new protection, and the patients must gain with them.

With regard to the supply of medicines, as has been already

indicated, the Insurance Committees are not, save in exceptional cases, to make contracts with doctors for medical treatment including the supply of medicines. In the ordinary case, the doctor is only to prescribe, and the Insured Person is to take the prescription to a chemist.

The Insurance Committee will prepare a panel of approved chemists, and every duly qualified chemist is to have the right to be included in the panel for his locality for the supply of drugs, &c., at an approved scale of charges.

With regard to operations and inoculations, the Approved Societies are prohibited from making a rule prescribing any penalty whatever on account of a refusal of any member to submit to a surgical operation or vaccination or inoculation of any kind, unless the refusal is in the case of a minor surgical operation, and is considered by the Society, or on appeal to the Insurance Commissioners, unreasonable.

Medical Benefit, it should be observed in conclusion, is payable throughout life.

Sanatorium Benefit (*Sections 8, 16, 17*).

Under this benefit Insured Persons who contract tuberculosis have the right (throughout life) to suitable treatment in sanatoria or otherwise. They will, when necessary, be taken out of their work and environment and placed under ideal conditions in order that they may have the best possible chance to recover health and usefulness. While they are thus under treatment, the cash benefit which, if at home, they would ordinarily receive, will be paid to their families. (Similarly, cash benefit is paid to dependants when an Insured Person is in hospital or infirmary.)

Nor will such special treatment be confined to consumption. The Act provides that the Local Government Board, with the approval of the Treasury, may schedule other diseases for institutional treatment.

Sanatorium benefit may be enjoyed not by the insured alone; Insurance Committees are empowered to extend this benefit to wives and other dependants of the insured. (*Section 17*.)

The National Insurance Act, in conjunction with the Finance Act, 1911, provides generously for the purposes of this benefit for the establishment of institutions which are designed to be sanatoria, and something more than sanatoria.

The first and largest purpose of the sanatoria will naturally be to give institutional treatment to consumptives.

One out of every eleven of the deaths in this country is due to some form of tuberculosis, chiefly the tuberculosis of the lungs which we call consumption. The toll of the "White Scourge" is highest in the working years of life; 56½ per cent. of the deaths take place

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between the ages of 20 and 45 years, and 25 per cent. of the deaths occur between the ages of 45 and 65. Who shall measure the value of these wasted lives? From the economic point of view, as has been pointed out with so much force by Dr. Arthur Newsholme in his "Prevention of Tuberculosis," those who die from tuberculosis are lost to the nation during the very years when they have the chance to repay the debt of their nurture and training. The abolition of consumption would increase the expectation of life of every male aged 15 years by nearly three years. Those males who were aged 15 to 25 years at the Census of 1901 would, but for consumption, have in the aggregate nearly 8,000,000 more years to live than is at present the case. If we take the average earnings of each at only £1 a week, this would mean a gain of over £400,000,000 from the abolition of consumption in the case of these males alone.

The experience of Insurance Societies is very striking. Fifteen per cent. of the deaths of members of the Ancient Order of Foresters is due to tuberculosis. It is calculated that in five years the Manchester Unity of Oddfellows experience nearly 1,000,000 weeks of sickness from consumption, entailing an expenditure of about £350,000 for sick and funeral benefits. The German Imperial Insurance experience shows that out of every 1,000 German workpeople aged 20 to 45 who are unfit for work, as many as 548 are tuberculous.

Taking the United Kingdom as a whole, there are something like 75,000 deaths per annum from tuberculosis at the present time, of which over 50,000 are due to disease of the lungs.

Compare with these terrible figures the small provision which now exists for the special treatment of tubercular patients. In the whole country there are only about 2,000 beds available in sanatoria for consumptives. If we assume each patient to be under treatment for four months, that means that only 6,000 persons can be given institutional treatment in a year in a country where 75,000 persons die of the disease in a year.

The Finance Act of 1911 sets aside the sum of £1,500,000 to assist Local Authorities throughout the United Kingdom to erect sanatoria; the money is to be granted to supplement local effort, and it is earnestly to be hoped that Local Authorities and public-spirited individuals will rise to the occasion.

Then the sanatoria have to be maintained, and that is a very expensive matter. The provision is that 1s. 3d. per member (not an additional contribution) is taken from the Insurance Fund towards the upkeep of these institutions, and that to this the State adds 1d. (As the State pays two-ninths of the benefits, this really means a payment of about 1s. by the member and about 4d. by the State.) That

means roundly, for 14,000,000 insured persons alone, a sanatoria income of £1,000,000 a year; and as we have already pointed out, the Sanatorium Benefit may also be extended to the dependants of Insured Persons.

The Local Authorities will establish (radiating from the sanatoria) tuberculosis dispensaries, under the management of doctors skilled in the diagnosis of the first symptoms of consumption. The ordinary medical practitioner is by no means to be relied upon in this connection, and the importance of early treatment cannot be over-rated.

That sanatoria can in a large proportion of early cases so far arrest consumption as to enable a sufferer to resume his ordinary life, if he lives healthily, is well established, and the Sanatorium Benefit undoubtedly means the prolongation of life of tens of thousands. The treatment of advanced cases is also important, not because the cure is possible, but because suffering may be alleviated and the infection of the healthy prevented. It is most important to take advanced cases away from their families; it is an awful thing that at this moment a large number of dying consumptives are poisoning those who are dearest to them.

While the treatment of consumption stands out as one of the first objects of this particular fund, it is by no means proposed to limit the activities of these institutions. They will become centres for the treatment of other dread diseases which require institutional treatment and centres of medical research.

As in the case of Medical Benefit, the Insurance Committees may spend as much money on Sanatorium Benefit as they can persuade the Treasury and Local Authorities to give them either upon Insured Persons or upon their dependants (see above, Section 17). It is impossible to believe that, if the Insurance Committee find that they need more money, that money will be denied them for such a purpose. I will not believe it until the first Insurance Committee that appeals for help has been refused. Where, if anywhere, will that Committee be found? The point is of much importance in connection with the case of the Deposit Contributors (Chapter XV.), many of whom, doubtless, will be consumptives. The way is open, not only for the succour of future consumptives, but even for the treatment of many existing sufferers who are uninsurable lives.

It should be observed that the actual dispensation of the fund of £1,500,000 provided by the Finance Act, 1911, for the building of the Sanatoria lies with the Local Government Board (Section 64), who will distribute grants with the consent of the Treasury, who, in turn, are to consult the Insurance Commissioners. The sum is to be apportioned between England and Wales, Scotland, and Ireland, in propor-

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tion to their respective populations. The conception of the scheme is to make grants to stimulate Local Authorities to erect the necessary buildings.

It should also be observed that the Insurance Committees have power to make arrangements with any person or Authority (but not a Poor Law Authority) for the care of persons entitled to Sanatorium Benefit, and to pay them accordingly. Thus, in the event of any delay in the construction of sanatoria in the early days of the system, patients may be temporarily provided for. This is especially important because there is no "waiting period" for this benefit. If a man who has paid his first 4d. is discovered to be a consumptive he will be entitled to treatment forthwith.

Sickness Benefit (*Section 8, Fourth Schedule, &c.*).

The purpose of a money payment in sickness is, of course, to provide towards the maintenance of the Insured Person who through illness is unable to earn money. The Sickness Benefit provided by the Act is of the same character as has been provided by Friendly Societies in the past. It is payable to the Insured Person who is "incapable of work." It is not payable if the member is able to earn money. The general rule of the Manchester Unity on this head was as follows:—

"Rule 78 (2).—No Lodge [Branch] shall have a rule allowing a member to follow any employment while in receipt of sick pay."

The National Insurance Act, that is, applies Sickness Benefit as it has been applied in the past by our great Friendly Societies.

It may be well to show the forms which are used by the Manchester Unity in connection with sickness claims. Rule No. 24 of the Society sets out that—

When any Unity member falls sick and desires to claim the sick allowance, he shall give, or cause to be given, to the Lodge into which he may be paying his contributions.....due notice on the following form, accompanied by a certificate from a qualified medical practitioner stating the complaint from which he is suffering:—

FORM OF DECLARATION ON.

I hereby claim the sick allowance from this date, being unable to follow my employment.

.....Signature.

.....Address.

.....Date.

MEDICAL CERTIFICATE.

I hereby certify that.....is unable to follow any employment, being afflicted with.....

.....Signature.

.....Address.

.....Date.

N.B.—If the disease is of a chronic or permanent kind it must be so stated.

TABLE OF THE MONEY BENEFITS.

PAYABLE FROM THE FOURTH DAY OF SICKNESS.

Age at entry.	MEN.			WOMEN.		
	First 13 Weeks.	Second 13 Weeks.	Disabili- ment Pension for Life until 70.	First 13 Weeks.	Second 13 Weeks.	Disabili- ment Pension for Life until 70.
<i>Note : the ages here refer not to age when taking benefit, but age on entering insurance.</i>						
Over 21 and not over 50 {	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	10 0	10 0	5 0	7 6	7 6	5 0
Over 50, if paid 500 contribu- tions {	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	10 0	10 0	5 0	7 6	7 6	5 0
Over 50 and not over 60, if not paid 500 contributions {	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	7 0	7 0	5 0	6 0	6 0	5 0
Over 60 ...	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	6 0	5 0	5 0	6 0	5 0	5 0

Age.	BOYS.			GIRLS.		
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
<i>Note : Age here refers to age at making claim.</i>						
Over 16 and not over 21 (un-married) {	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	6 0	5 0	5 0	5 0	4 0	4 0
Over 16 and not over 21 (mar-ried) {	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
	10 0	10 0	5 0	7 6	7 6	5 0

Doubtless forms and declarations of similar character will be prescribed under the Act.

Having made the nature of the Benefit clear, let us examine the details.

The Sickness Benefit during incapacity for work is 10s. a week for men, and 7s. 6d. a week for women, for 26 weeks, payable as and from the fourth day of sickness. These rates of benefit are for persons not over 50 years of age on entry.

Members over 50 on entry who have made 500 or more contributions receive the above full money benefits.

Persons over 50 and under 60 on entry who have not made 500 contributions receive during the first 26 weeks the reduced money benefit of 7s. for men and 6s. for women; such persons, if over 60 on entry, receive 6s. for the first 13 weeks, and 5s. thereafter.

Sickness Benefit ceases at 70 years of age, when the Old Age Pension becomes payable.

If Sickness Benefit exceeds two-thirds of wages (it can do so, obviously, for wages under 15s. a week), it may be reduced, but only on condition that an Additional Benefit be granted in lieu of the reduction.

Under the age of 21, boys and girls, if married or with dependants, receive full rate of money benefit. If they are unmarried, and have no dependants, the benefit is: For boys, 6s. for 13 weeks and 5s. after; for girls, 5s. for 13 weeks and 4s. after.

For special arrangements which may be made where employers guarantee maintenance for a certain period in sickness, see Chapter VIII. on Contributions.

When an insured person recovers from sickness and ceases to be on the funds, any subsequent illness is to be deemed a continuation of the same illness unless in the meantime 12 months have elapsed, and at least 50 weekly contributions paid. This will be understood when it is remembered that after 26 weeks' illness a man's Sickness Benefit falls from 10s. to the 5s. Disablement rate to be next described.

An insured person becomes eligible for Sickness Benefit after making 26 contributions.

The above particulars will be better understood from the table on page 103, which states them clearly.

Disablement Benefit (Section 8, and Fourth Schedule).

If sickness and incapacity for work continues longer than 26 weeks, 5s. a week is paid during the remainder of the illness, however long it may be. Thus the position of a man or woman of whatever age, old or young, who is incapacitated by illness is made the same as that

of an Old Age Pensioner. The disablement pension ceases at 70, when the Old Age Pension becomes payable.

In this connection the deplorable character of the attacks on the National Insurance Act by the *Daily Mail* (and its Conservative (but anonymous) advisers of the "Insurance Tax Protest League") may be illustrated, and it is well they should be permanently recorded in this work. On December 20, 1911, the *Daily Mail* published an article entitled "Mr. Lloyd George's Root Mistake," in which it maintained that the National Insurance Act was not needed because so many people, Friendly Society members in particular, had already made provision for time of sickness. Let us remember that Friendly Society provision for time of sickness or disablement is limited to periods of incapacity for work, and then turn to a second article, published by the *Daily Mail* on January 8, 1912, which denounced Mr. Lloyd George for "gross deception" in connection with money benefits. It said :—

" Much has been heard from Mr. Lloyd George of the life pensions of 5s. a week to every man or woman who can no longer follow his or her employment. To very many of the workers this has stood out as the greatest of the benefits which the Insurance Act had in store for them.

" Working men and women must realize the HARD FACT that this allowance is only for those who are certified to be INCAPABLE OF WORK—that the man who can mend nets or job about in his own garden and the woman who can sit and knit are to have no part in it—that, in fact, this 'life pension' would be more truly described as an allowance for the bed-ridden, the incurable, and the paralyzed. . . . It is a Chancellor of the Exchequer who is responsible for this gross deception.

" There will be no 'life pension' for the workman of fifty-five who is unable to obtain regular employment on account of rheumatism or some other trouble and can only do occasional work. There will be none for the servant in her fifties who loses her place and is too old to obtain another! There will be none for the shop assistant who has to give up his or her employment on account of varicose veins, as many have to-day.

" These persons cannot be certified 'incapable to work,' therefore there is no 'life pension' for them, and even the temporary help which the Act gives in time of sickness will soon be gone because their contributions are in arrears.'

Thus the same newspaper which, on December 20, 1911, told its 800,000 readers that a National Insurance Act was unnecessary because, *inter alia*, Friendly Society members had already provided for themselves, on January 8, 1912, denounced as a fraud and an imposture the Act which provides Sickness and Disablement Benefits for 14,000,000 people of exactly the same beneficent kind as Friendly Societies have in the past provided for only about 4,500,000 people! The *Mail* articles of December 20, 1911, and January 8, 1912, have been widely used by Conservative candidates in by-elections in the winter of 1911-12, and men who, if they had been in the House of

Commons, would have found themselves unable to vote against the National Insurance Bill, have stooped to circulate such trash in order to gain votes. The article suggests that an invalid domestic servant who can "sit and knit" will not get the pension. The fact is, of course, that such a woman would certainly get such a certificate as is quoted on page 102 from her doctor. The doctor would be glad that she could employ herself in knitting, for it would help to relieve her illness. The article also says that there will be no life pension for the man of 55 who is rheumatic, and only able to do occasional work. The answer is that if rheumatism prevents a man from working, he will get the money benefit, and what honest man wants the benefit when his rheumatism allows him to work? Then follows a delicious touch about women. "There will be no life pension to the servant in her fifties who loses her place, and is too old to obtain another." This from the *Mail*, which declared in other articles that domestic servants did not need insurance at all, and which led a strange agitation to persuade servants that the Act was a "gross injustice"! The fact is, of course, that if a servant aged 50 becomes ill, whether in a situation or not, she gets Sickness or Disablement Benefit under the Act as long as her illness lasts. Next we are told that a shop assistant with varicose veins will not get benefit. This also is untrue. If the varicose veins prevent a woman from following her employment she will be certified on the Fund, and get the benefit. Finally, the article says: "Even the temporary help which the Act gives in time of sickness will soon be gone, because their contributions are in arrears." Thus the writer of the article did not know, or, knowing, deliberately concealed (1) that under the Act no contributions have to be paid in sickness, and that therefore while sick no insured man or woman can get into arrears with contributions or fall out of benefit, and (2) that, as is shown elsewhere in these pages, it is almost impossible to lose benefits altogether in unemployment, or to lapse from membership.

Let these things be recorded here that, in the years to come, when National Insurance has become as much a commonplace as it is in Germany, we may remember what was done in a vain attempt to destroy it, and gain the greater resolution to proceed with the tasks of a later day.

In the table on page 103 the Disablement Benefit will be found clearly stated in connection with the Sickness Benefit.

Maternity Benefit (Section 8).

This benefit is the first proper recognition in British legislation of the duties which the State owes to the unborn child.

Insured women, married or unmarried, receive a maternity allowance to the value of 30s. payable in cash or in kind.

The wives of insured men, although not themselves insured under the scheme, will also receive the maternity benefit.

If a woman is as an employed contributor insured, *she will receive sickness benefit as well as maternity benefit, which amounts to a double maternity benefit (i.e., £3), whether her husband is insured or not.*

Maternity benefit becomes payable after the insured woman, or the husband of the uninsured woman, has paid contributions for 26 weeks. (For Voluntary Contributors the waiting period in this respect is 52 weeks.)

There are about 1,200,000 births in the United Kingdom every year, and the cost of this maternity benefit will therefore be very great. Probably, something like 1,000,000 mothers will receive the benefit every year, which means an expenditure of about £1,500,000 on this account alone. It is not yet realized that about 2,700 mothers a day will receive maternity benefit.

Never before has so generous a maternity scheme been devised in connection with national insurance. Thus, the German State Insurance, excellent as it is as a whole, hedges the maternity benefit about with so many restrictions that the expenditure upon it for a population half as great again as ours is only about £300,000 a year.

The mother has the right to decide whether she will be attended by a doctor or by a properly certified midwife, and she will have free choice of doctor or midwife.

An insured woman receiving maternity benefit has not to pay her contributions while away from work in consequence of her confinement.

In view of a certain small minority of unhappy cases, it is provided by Section 19 that, without prejudice to any existing legal liability, it shall be the duty of the husband of a woman receiving Maternity Benefit to do his best for the care and maintenance of his wife during her confinement, and for a month after her delivery, and, if he is neglectful, he is liable on summary conviction to imprisonment for a month with or without hard labour.

Workmen's Compensation in Relation to Money Benefits

(*Section 11*).

When an injured man is in receipt of compensation under either the Workmen's Compensation Act, 1906, the Employers' Liability Act, 1880, or the common law, Sickness or Disablement Benefit is not payable unless the compensation for injury awarded is less than the sickness or disablement benefit, in which case the compensation is made up to the amount of the benefit.

It is also provided that if an Insured Person entitled to workmen's compensation neglects to enforce his claim, the Approved Society or Insurance Committee concerned may take proceedings on his behalf and hold any damages secured as trustee for him, or, alternatively, withhold payment of benefit from him.

Money Benefits when the Insured is in Hospital or Sanatorium (Section 12).

When an Insured Person receives Sanatorium Benefit, or becomes an inmate of a hospital or other publicly supported or charitable institution, the Money Benefit which would be otherwise paid to him is paid to his wife and children or other dependants.

If, however, he has no dependants, and is in a sanatorium under the Act, the Money Benefit will go to the Insurance Committee ; if he is in a hospital or other public or charitable institution, the money may be paid, if an agreement for the purpose has been made by the administrators of the Benefit with the institution, towards the support of the institution.

Other Benefits may be Substituted for Money Benefits in Certain Cases (Section 13).

There are certain exceptional cases—they are really very few—in which a worker compulsorily insured under the Act may desire that his compulsory contribution should insure him not for Money Benefit in sickness, but for, say, an Old Age Pension at an earlier age than 70. For example, it has been pointed out that a hospital nurse has no need to insure for maintenance in sickness. Again, there are a few domestic servants—I fear very few—who have guarantees of maintenance. To provide for such rare cases Section 13 allows an Approved Society, with the consent of the Insurance Commissioners, to substitute one or more of the Additional Benefits for either Sickness Benefit, or Disablement Benefit, or both, for some or all or any class of its members.

Approved Societies' Benefit Rules (Section 14).

Approved Societies require, as Friendly Societies have done in the past, to make common-sense rules as to the behaviour of their members while receiving benefit, as to the visiting of members on the funds, &c. Such rules will, of course, have to be approved by the Insurance Commissioners, who will draw up general regulations for all Approved Societies, just as the Central Body of a great Affiliated Order does for its branches ; it will be no more irksome than that. The Insurance

Committees, since they administer all benefits for Deposit Contributors, will also need such rules.

Amongst the rules there must be one providing that women shall not be visited in sickness otherwise than by women. It is also provided that even misconduct shall not disentitle a man to Medical Benefit.

Subscribing to Hospitals (Section 21).

Both Approved Societies and Insurance Committees are given power to subscribe, at their full discretion, to hospitals, dispensaries, or other charitable institutions. They may also support district nurses, or appoint nurses for the purpose of visiting and nursing Insured Persons for whom they are responsible. Sums so subscribed are to be treated as expenditure on Medical Benefits, as, of course, they really are.

In this connection it has been already pointed out that if an Insured Person is in a hospital, and has no dependants, the Money Benefit otherwise due to him may be paid to the hospital.

Benefits for those Aged 65 to 69 (Section 49).

As has been already pointed out, in Chapter VIII. on Contributions, persons aged 65 to 69 who work for an employer are compulsorily insured, but under a special scheme. It was found impossible to bring them within the scope of the general scheme, and to treat them as children of 16, because of the very great liability attaching to their age; it was impossible to burden the whole scheme to such an extent.

Accordingly, the employer will be required to make the usual contribution in respect of them, and the State, instead of providing a reserve value as for those under 65, and paying out two-ninths of the benefits, will add a contribution of 2d., making 4d. + 3d. + 2d = 9d. The Insured Person can then either become a member of an Approved Society for such benefits as the Society can afford or a Deposit Contributor.

No Distraint in Dangerous Illness (Section 68).

A novel provision of the Act, and one that has received an extraordinary fire of criticism, is that an Insured Person in receipt of Sickness Benefit is not to be the subject of distraint for rent, levy of execution, or ejection from his tenancy, if he is certified by his doctor to be so ill that distraint, execution, or ejectment would "*endanger his life.*"

The provision is hedged about with restrictions. There must be a weekly certificate by the doctor up to a maximum period of three months. Further, the maximum period is one month unless proper security for payment of rent is given.

One is compelled to observe that if, at the beginning of the second decade of the twentieth century of the Christian era, such a mild provision as this is made the subject of hostile criticism, save on the ground of its being too mild, the Churches have indeed laboured in vain.

Benefits Inalienable (*Section 111*).

It is provided that every assignment of, or charge on, and every agreement to assign or charge, any of the Benefits conferred by the National Insurance Act shall be void.

Benefits when Contributions are in Arrears.

The various benefits have been treated in this chapter as though Insured Persons never fell behind with their contributions. The arrangements made as to benefits when members are in arrears are reserved for special treatment in the succeeding chapter.

CHAPTER XI

MAINTAINING MEMBERS IN INSURANCE

The Question of Arrears.

IN the last chapter the entire question of arrears of contributions was of purpose reserved for separate treatment, because of its great importance.

Irregularity of work, which cannot be prevented, is unfortunately deemed by our civilization to call for irregularity of pay. Irregularity of pay is not really more necessary for a bricklayer than for a clerk, but it exists, and the National Insurance Act has to take account of it. The measure therefore makes special provisions in order to make it difficult for men to fall out of benefit, and to make it next to impossible for them to fall out of membership of their Approved Societies.

It is one of the greatest faults of Friendly Societies that they have not made sufficient provisions for their members in unemployment. If we take, for example, the Manchester Unity, we find (the Rules existing prior to the alterations adopted on the passing of the Insurance Act are here referred to) that a man 6 months in arrears had, for practical purposes, to re-enter and undergo a fresh medical examination, and if he was 12 months in arrears he was expelled. Rule 85, Sections 2 and 3 of this Society ran thus:—

85.—Forfeiture of Benefits and Expulsion.

(2) Should he be more than six months in arrear no contributions shall be received unless he produce a satisfactory certificate of health from the lodge surgeon; and he shall also sign a declaration of the state of his wife's health. The lodge may thereupon pass a resolution that his contributions (which must be sufficient to bring him into compliance with the rules of his lodge and district) be received. The member shall not be entitled to any sick benefit until a period of four weeks has elapsed from the time he reduced his arrears below the amount laid down in the section of Rule 50 adopted by the district.

(3) Should a member be more than 12 months in arrears he shall cease to be a member, and shall have no claim on the society.

Under rules like these vast numbers of men have passed out of Friendly Societies into the ranks of the uninsurable. Surely this cannot be known to those who are abusing the National Insurance Act, for, if it is known, their abuse is in the nature of criminality.

As to what happens before suspension and expulsion, the following rules are framed by the Manchester Unity :—

(1) No member of a lodge meeting weekly, fortnightly, or monthly shall owe twelve nights' contributions, if weekly; six nights', if fortnightly; or three nights', if monthly (except during the hours the lodge is open on the night the amount becomes due); nor shall he allow a fine or expenses in case of dispute or appeal inflicted on him, or levy made under the rules (of which he has received notice in writing) to remain unpaid more than twelve weeks from date of infliction.

(2) If any member offend in any of the matters above-named at any time previous to claim for sickness, neither he nor any person claiming through him shall be entitled to benefits on account of such sickness for a period of four weeks subsequent to the date of the member bringing himself into compliance.

(3) If a member owes twelve weeks' contributions at the close of any lodge night he will owe more than is allowed by this rule, and will consequently forfeit his claim to sick benefit.

It will be seen that Sickness Benefit is cut off at the twelfth week of arrears.

No matter how old a membership, these rules are applied, but it is proper to add that Manchester Unity Lodges (Branches, that is) have established Distress Funds, out of which grants may be made to distressed members to maintain them in membership, &c. Not all Friendly Societies have such funds, however, and lapsing of membership is so common that every year some 350,000 Friendly Society members fall out of the ranks.

Generous Arrears Provisions of the Act (*Section 10, and Fifth Schedule*).

The National Health Insurance not only provides a Distress Fund as an "Additional Benefit." It makes assistance to maintain membership in arrears normal.

(1) No arrears are counted during the first year of the Act's operation.

(2) *Arrears are counted on an annual average since entering into insurance.*

(3) If the member is less than 4 weeks in arrears (annual average) he remains in full benefit.

(4) If the member is over 3 but not over 13 weeks in arrears (annual average) he receives all benefits, but his sickness benefit is reduced by 6d. for each week of the arrears from the 4th to the 13th week, being thus 9s. 6d. if claim is made at the 4th week and 5s. if the claim is made at the 13th week.

(5) If the member is over 13 but not over 26 weeks in arrears

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(annual average) he loses money benefit, but retains Medical, Maternity, and Sanatorium Benefit.

(6) After the 26th week (annual average) all benefits are suspended.

(7) After the lapse of a further year from the date of the suspension from all benefits, membership lapses, but even then the member's own reserve (but not the special reserve given him by the Act) is carried forward against his coming back into insurance.

(8) No arrears are counted during sickness; i.e., nothing has to be paid while benefit is being received.

The scale referred to above (4) is as follows :—

REDUCTION OR POSTPONEMENT OF SICKNESS BENEFIT WHEN CONTRIBUTIONS ARE IN ARREAR.

When the Arrears amount to	(1)		(2)	
			Rates of Sickness Benefit during first Thirteen Weeks.	
	Men.			Women.
3 contributions a year on average		s.	d.	
4 "	No reduction.	9	6	No reduction.
5 "		9	0	7 3
6 "		8	6	7 0
7 "		8	0	6 9
8 "		7	6	6 6
9 "		7	0	6 3
10 "		6	6	6 0
11 "		6	0	5 9
12 "		5	6	5 6
13 "		5	0	5 3
	For both Men and Women)	5s. 0d., commencing	5th day after notice	
		"	6th	" "
		"	7th	" "
		"	8th	" "
		"	9th	" "
		"	10th	" "
		"	11th	" "
		"	12th	" "
		"	13th	" "
		"	14th	" "

[The first column in the above table should be regarded as movable. Thus, to find how a man over 50 on entry entitled to 7s. will be treated, move the first column down until the first line of it is opposite 7s. in the second column.]

In order to make the scheme of payment in arrears plainer, I set out a full account of what happens to a man or woman

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entitled normally to 10s. and 7s. 6d. a week respectively in sickness:—

TABLE SHOWING HOW BENEFITS ARE REDUCED AND FINALLY SUSPENDED.

When Claim on Funds is made and Arrears Amount to (on the Average per Annum)	Free Doctoring and Medicine.	Maternity Benefit for Wife.	Sanatorium Benefit.	Sickness Benefit Per Week.		Sickness Benefit Per Week.	
				For a Man.	For a Woman.	For a Man.	For a Woman.
1 week	Given in full	Given in full	Given in full	10 0	7 6	10 0	7 6
2 weeks	"	"	"	10 0	7 6	10 0	7 6
3 "	"	"	"	10 0	7 6	10 0	7 6
4 "	"	"	"	9 6	7 3	9 6	7 3
5 "	"	"	"	9 0	7 0	9 0	7 0
6 "	"	"	"	8 6	6 9	8 6	6 9
7 "	"	"	"	8 0	6 6	8 0	6 6
8 "	"	"	"	7 6	6 3	7 6	6 3
9 "	"	"	"	7 0	6 0	7 0	6 0
10 "	"	"	"	6 6	5 9	6 6	5 9
11 "	"	"	"	6 0	5 6	6 0	5 6
12 "	"	"	"	5 6	5 3	5 6	5 3
13 "	"	"	"	5 0	5 0	5 0	5 0
14 "	"	"	"	Suspended	Suspended	Suspended	Suspended
15 to 26 "	"	"	"	"	"	"	"
27 "	Suspended	Suspended	Suspended				

Examples of Working of the Arrears Provisions.

It will be well to give some examples to explain the averaging principle of counting arrears.

Example 1.—A man joining the Health Insurance in the second year of its operation falls into arrears 10 weeks in that year, and in the second year of his membership he falls a further 5 weeks into arrears. At the end of the second year of his membership he claims on the Fund. His arrears account stands thus:—

1st year of membership	...	...	...	...	10 weeks
2nd ,,"	...	...	...	...	5 ,,"
Total	...	...	...	...	<u>15</u>
	15 divided by 2 is under 8.				

He is therefore entitled to—

Medical Benefit.

Maternity Benefit.

Sanatorium Benefit.

Sickness Benefit of 8s. a week.

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Example 2.—Let us suppose that, the other factors of Example 1 remaining the same, the man had joined the scheme at the beginning in 1912. His arrears account would then stand:—

1st year of membership :						
10 weeks arrears counted as ...	...	...	...	...	...	0
2nd year 5						
Total 5						

5 divided by 2 being less than 3, the member is in full benefit at the beginning of his third year of insurance, although 15 weeks in arrears.

Example 3.—A man joining the system in 1912 is, during the next 4 years, in arrears as follows: 1st year, 12; 2nd year, 10; 3rd year, 15; 4th year, 5. His arrears account, at the end of his fourth year, stands:—

1st year of membership :						
12 weeks counted as ...	...	...	...	...	...	0
2nd year of membership 10						
3rd , , , , , , 15						
4th , , , , , , 5						
Total 30						

30 divided by 4 is less than 8.

The member is therefore entitled to Sickness Benefit of 8s. a week and all other benefits in full. *This although he is 42 weeks in arrears with his payments.*

Example 4.—A man joining the scheme in 1912 is, during the next 5 years, in arrears as follows:—

1st year, 26 weeks counted as	...	...	...	...	...	0
2nd , , 15 , ,	...	...	...	...	...	15
3rd , , 35 , ,	...	...	...	...	...	35
4th , , 20 , ,	...	...	...	...	...	20
5th , , 35 , ,	...	...	...	...	...	35
Total 105						

Suppose him to claim on the funds at the end of his fifth year of insurance. He is in arrears on the annual average $105 \div 5 = 21$. He is therefore entitled to no money benefit, but he gets free doctoring or sanatorium, and if his wife is confined she receives 30s.

The last example is a very bad case of unemployment indeed, yet the man is not within measurable reach of losing membership, for to lapse he has first to be in arrears for more than 26 weeks *on an annual average*, and from that date to pay not a penny more for a whole year in order to lapse from insurance. It comes to this, that losing membership is very difficult of accomplishment.

Yet it has been alleged that the ranks of the Deposit Contributor will be swollen by members lapsing from the normal insurance.

As an example of curious failure to appreciate the real meaning of Section 10 and its generous provisions, take the following, printed at the end of a bald summary of the Section by Mr. Worthington Evans, M.P., in his pamphlet published by the National Conservative Union. He says in italics, speaking of the man who has lapsed from membership :—

"The forfeiting of his Reserve Value will probably prevent him again becoming a member of an Approved Society. He will probably have to join the Deposit Contributor class."

No proper explanation is given to the reader of these italics that a lapse is almost impossible under the Section. It is commented upon as though a lapse were likely to occur frequently. And, unfortunately, Mr. Evans did not remind his readers that existing Friendly Society practice would expel such a member before the Act even deprives him of Medical Benefit.

Working Back into Full Benefit.

It should also be observed that merely by paying regularly in future a man in arrears can get back into full benefit without paying up his arrears. For example, suppose that his arrears account has run until in the third year of insurance he is 15 weeks in arrears, average 5, money benefit therefore 9s. He pays regularly all the fourth year; in the fifth year the divisor for averaging becomes 5, and $15 \div 5$ being 3, he is again in full benefit although he has paid up not a penny of his arrears.

Further a member may (Section 10 (5)) pay up the whole of the current year's arrears and of the previous year's arrears, and a month after such payment be in benefit accordingly. Suppose a man is in his fourth year of insurance and that the account has run—

1st Year,	5 weeks not counted	...	...	...	...	0
2nd ,,	...	...	...	...	...	10
3rd ,,	...	...	...	...	...	8
4th ,,	...	...	...	...	...	6
Total	...	...	...	...	...	24

This is an average in 4 years of 6 and therefore the man is entitled, if he needs it, to 8s. 6d. per week sick pay. He can pay up the current year, 6 weeks, and the previous year, 8 weeks, and so reduce his arrears to 10 weeks, which divided by 4 gives an average of $2\frac{1}{2}$, and so be in full benefit one month from date of his payment.

I have gone into these details thoroughly because it is most obvious from current speeches and writings that they are not under-

stood. Even most respectable institutions are circulating misleading statements about them written by persons who, it is to be feared, have taken no trouble to inform themselves.

It should also be observed, in this connection, that the Unemployment Insurance, Part II. of the Act, provides millions in unemployment with the means of paying their sickness contribution if out of work.

4d. or 7d. to Pay in Unemployment?

When a man is unemployed he is to pay the whole of the ordinary joint contribution of employer and employed, viz., 7d., unless his Approved Society decides to excuse him payment of the employer's 3d. As Societies are self-governed, it is to be presumed that most of them will make a rule excusing the 3d.

Outdoor Relief while in Benefit (*Section 109*).

It may be well to point out here that when outdoor relief is paid to a person receiving benefit under the Insurance Act, Section 109 provides that the Guardians are not to take into consideration any such benefit beyond 5s. a week.

CHAPTER XII

THE INSURED GROUP THEMSELVES IN VOLUNTARY INSTITUTIONS

Working Through Existing Thrift Institutions.

THE State Health Insurance system works through existing voluntary thrift institutions, and permits new voluntary institutions to be formed to carry out its provisions. No other course could have been adopted. If we can imagine for a moment the field of action cleared of all existing Friendly Societies, legislation for Health Insurance would have been exceedingly simple, and a lucid and logical system of local organizations could have been formed to carry out its beneficent provisions. We can imagine the whole working population naturally grouped in Local Sick Funds, democratically governed, and including in their scope all the workers under a certain income limit, irrespective of age, occupation or health. A Bill to create such a system would be a comparatively simple piece of legislation. It would be much briefer than the National Insurance Act, and infinitely less complex than the German Insurance laws, which are complicated because they are the result of a generation of original and progressive experiment, in which institution has been built upon or added to institution with consequent overlapping of functions.

But it was impossible to secure such a clear field of action, and it is quite impossible even to wish that the field was clear. Existing Friendly Societies and Trade Unions have done great things for the working population. They have been not only the dispensers of benefits, but they have been training grounds for democracy. It would have been worse than folly not to work through them and to build them into the framework of the new law. At the same time, it was as obviously impossible to give a monopoly of administration of the State Health Scheme to existing institutions, and the law makes it possible for any group of the Insured Persons described in the last chapter to associate themselves as a Friendly Society for the purposes of the Act.

The "Approved Societies" (*Section 23, &c.*).

The Act accordingly makes it possible for any respectable thrift institution, or body of persons, to adapt itself or establish itself to carry out the work of State Health Insurance. The Insurance Commissioners have power to "approve" any such institution or body of persons, upon its conforming with the constitution laid down by or under the provisions of the Act. An organization so approved is termed an "Approved Society."

The main conditions of approval are two:—

- (1) The Society must not be carried on for monetary profit, and
- (2) It must be subject to the absolute control of its members.

Of course, it becomes necessary for existing institutions to adapt themselves to the new system. In the case of Friendly Societies proper, the analogous character of their existing work and rules makes adaptation simple. In the case of Trade Unions, also, there is no difficulty in forming a separate section under Section 23 to obtain approval. In the case of Collecting Societies and other funeral money institutions, separate sections may be formed as Approved Societies for the accommodation of such of their members as are Insured Persons under the Act. Employers' Provident Funds may also be adapted.

The Section relating to the approval of Societies came into force with the passing of the Act on December 16, 1911, and it is the duty of every suitable institution immediately to get into touch with the Insurance Commissioners. Approval either of an existing institution, or of a new Society, may be obtained tentatively in order to facilitate the start of the new system.

By Section 24 it is made lawful for any existing institution to adapt itself for the purposes of the Health Insurance, notwithstanding anything in its constitution or in the Acts under which it exists.

Approved Societies are given by the Act a most important power of procedure in cases where their members experience Excessive Sickness, in consequence of neglect of hygiene by any private persons or public authority. The matter is referred to in detail in Chapter XIII. Suffice it here to say that a Friendly Society gains the right to damages against persons who by neglect injure the health of its members.

The Right to Select Members Preserved (*Section 30*).

Approved Societies are given the right to admit or reject any Insured Person applying for membership. This means that the individual character of existing Societies is preserved. The recognition of existing institutions would be a hollow mockery if this right were not given. Trade Unions and many Friendly Societies

are restricted to certain classes of applicants, and their choice of associates is fundamental to their existence. For example, the Independent Order of Rechabites, Salford Unity, is a Friendly Society which restricts its membership to teetotallers, and to force others upon it would be to destroy one of its chief reasons for being. Similarly, a Trade Union restricts its membership to men in a particular trade who care to band themselves together, not chiefly for sickness benefit purposes, but for the promotion of the interests of the workers in the trade ; to force upon it men who seek insurance only would be to weaken it for its main purpose.

An Approved Society may not, however, refuse an Insured Person membership solely on the ground of age. More important still, a Society will have no reason to make such refusal. Every person compulsorily insured is given by the State (Section 55) such a proper reserve fund as makes him a boy for insurance purposes. It really does not matter a brass button to a Society whether an applicant is 16 or 65.

The rejected ones will, therefore, be restricted in practice to two classes : (1) Bad or uninsurable lives, and (2) known bad characters. As to these see Chapter XV. on "Deposit Contributors."

Accumulated Funds of Existing Institutions Set Free (Section 72).

In becoming an "Approved Society" an existing Friendly Society makes a financial gain which is more or less according to its degree of solvency or insolvency. Its old reserves are released, since every Insured Person joining it is furnished with a new reserve by the State. This applies to Employers' Provident Funds as well as to Friendly Societies and Trade Unions.

This point is of exceeding importance, and it is dealt with fully in Chapter XX.

Employers' Benefit Funds and the Workman's Liberty (Section 25).

Employers' Provident Funds may become Approved Societies under the Act, but only on certain important conditions, which are of much value to the workmen who are concerned in them.

The conditions of approval amount to a release from private compulsion.

In the first place, the employer is not to have a greater representation than one-fourth on the management body of the Fund, so that the workers secure a majority control.

In the second place, the workman is to have the right of transfer out of the Employer's Fund into an ordinary Approved Society, and to

take with him his proper insurance reserve. Thus an Employer's Fund cannot be used to obtain an improper hold over an employee through his own savings.

In the third place, it is a condition of approval that membership of the Fund must not be made a condition of employment by the firm.

It is also a condition of approval that the employer must either guarantee the solvency of the Fund, or contribute to it substantially apart from the statutory contributions enforced by the Act.

Accounts, Valuations, Solvency, &c., of Approved Societies (Sections 35, 36, 37, 38).

Approved Societies, having undertaken the administration of the National Health Insurance, must keep separate accounts for their business, and keep their funds quite distinct. They may, as ordinary Friendly Societies have done in the past, give a Funeral Benefit or other Benefit, apart from the State scheme, but if they do they must keep separate accounts for it. It is a simple but important matter.

The accounts must be kept in a prescribed form, and they must be submitted to periodical audit. The assets and liabilities of each Approved Society will be periodically valued (every three years or at other intervals), in order that the Society may be maintained in solvency. These provisions will be recognized as proper for the protection of Insured Persons. As things are, the majority of small Friendly Societies are insolvent, and even if the National Insurance Act had not become law, it was high time something was done to secure the safety of their members.

The valuation of a Friendly Society is made by measuring

LIABILITIES.	ASSETS.
The Estimated Present Value of Benefits plus Other Liabilities	against The Estimated Present Value of Contributions plus Accumulated Funds and other Assets.

Such a valuation, it will be understood, reveals the true position of the Society, and enables it to judge whether the contributions of its members are large enough to command in the future the benefits taken into account in the valuation.

Making such a valuation every three years, the Insurance Commission will be able to guard Approved Societies from financial difficulty. If a Society shows a surplus, Additional Benefits may be declared. If it shows a deficiency, it must adjust it either by reducing benefits or making a levy upon its members. A Society will not be

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able to run on indefinitely, and so deceive its members as to their true position. The result will be to secure a true insurance for the Insured Persons.

An Affiliated Order (or Friendly Society having more or less autonomous Branches affiliated to a Central Body) will be required to pool the risks of the entire Order to a certain extent. Two-thirds of any surplus of a Branch may be distributed by the Branch in Additional Benefits to its members, but the remaining one-third must be transferred to the Central Body to form a pool. Out of the pool so formed the Central Body will make good any Branch deficits. If there is any balance remaining, it will be redistributed by the Central Body to its Branches in the proportions in which they contributed to the pool, and the Branches may then utilize the sums so distributed in Additional Benefits.

The Central Body of an Affiliated Order may make good the whole, or only three-fourths, of the deficiency of a Branch from the pool of surpluses, and if the deficiency is due to maladministration it may, with the consent of the Insurance Commissioners, refuse to make good any part of the deficiency, in which case the Branch, as a separate Society, must make arrangements as already described to become solvent.

If a Society or Branch which is insolvent fails within six months to submit a proper scheme to secure solvency, the Insurance Commissioners may take over the management of the Society or Branch, put matters straight, and restore self-government as soon as may be, but in not less than three years, or, alternatively, see that the Insured Persons concerned become members of another Society.

Proper security against misappropriations of funds by their officers must be given by the Approved Societies to the Insurance Commissioners. An ordinary fidelity guarantee policy will probably be accepted. The provision is, of course, a necessary and proper one.

Approved Societies are allowed by Section 56 to invest for themselves in trustee securities their own members' contributions to the State Insurance Fund. Probably the majority of Societies will wisely decide to forgo this great responsibility, and to leave the matter in the safe hands of the Insurance Commissioners.

Societies with Less than 5,000 Members (Section 39, &c.).

No minimum of membership is demanded from a Society as a condition of approval, but if a Society has less than 5,000 members it is required to make such arrangement by way of pooling risks as will better secure the solvency of its members.

A number of different courses are possible for a small Society under the Act. Obviously it may amalgamate with a larger body or become a Branch of an Affiliated Order, and either of these courses is probably preferable to any third course for most small Societies.

Small societies which desire to retain their independence, however, may form an Association (*for the purpose of pooling risks only*), the total membership of which is not less than 5,000. Societies which do not thus voluntarily associate will be grouped in County or County Borough groups, but *only* for the purpose of pooling risks. In either case the process of pooling surpluses and dealing with deficiencies will be precisely as in the case of the Branches of an Affiliated Order and as described on page 122.

Employers' Benefit Funds, however, may be exempted by the Insurance Commissioners from this pooling arrangement, in view of the fact that they are necessarily in a superior position as regards solvency, because of the statutory conditions of their existence.

Transferring Membership (Sections 31, 32, 33).

An Insured Person has the right of transfer from one Society to another, and to take with him in his transfer the insurance reserve which he has accumulated by his contributions. The consent of Approved Societies must be obtained for such transfer, but consent must not be withheld "unreasonably." The reserve transferred by a member leaving one Society for another is termed by the Act a "Transfer Value."

Transfer may also be made to benefit institutions in foreign countries or British Possessions, but only if the Insurance Commissioners are satisfied that the oversea institution gives similar advantages to its own members if they become British residents.

If an Insured Person emigrates who has been member of an Approved Society for not less than five years, and if his Society is willing for him to retain membership and to give him benefits independently of the State scheme, the Insurance Commissioners may arrange for him to use a proper part of his Transfer Value for the purpose.

Separate Funds for Men and Women (Section 41).

An Approved Society may keep separate the accounts and funds of its male and female members, and when this is done the two funds are to be treated as separate branches for the purpose of pooling surpluses and meeting deficiencies. The provision does not apply to Societies with branches.

No Double State Insurance (*Section 34*).

A person may not have the benefit of more than one State Insurance, but he may insure himself for as much as he likes over and above the State Insurance. The reason for this is that the State Insurance gives a man a contribution from his employer and from the State, and it would be unfair that he should enjoy such help in connection with more than one Society.

Therefore, a man may join only one Approved Society for the purpose of the National Health Insurance, but he may either insure himself in that Society for more than the State Insurance, or join a second or third Society not in connection with the Act.

Are Municipally Organized Approved Societies Possible?

The definition of Approved Society is so wide that it is an interesting question whether a Local Authority has not power to organize an Approved Society. It is a point which I regard as of some importance. By reference to Chapter XIX., which deals with Scotland and Ireland, it will be seen that in those two countries specific power is given to County Councils to organize Approved Societies. I should like to think that municipalities possess the power to establish societies which we do not deny to an insurance company ; it would cover the possible case of a district in which, through lack of local enterprise, sufficient Approved Societies or wholly satisfactory Approved Societies are not forthcoming.

CHAPTER XIII

THE INSURANCE COMMITTEES

Watch-Dogs of Public Health.

ONE of the most interesting and important new provisions of the National Insurance Act is the establishment of "Insurance Committees," which are to be formed "for every County and County Borough." They are bodies which, while directly concerned with the interests of Insured Persons only, must necessarily, in carrying out their important functions, protect the interests of the uninsured as well as of the insured.

Their general relation to the State Insurance system is that they are charged with the administration of *all the benefits which are of the nature of medical benefits*, and, in connection with that administration, are given wide powers with regard to public hygiene. They are charged with the care of the health of the insured, and, while they may not exercise any of the powers possessed by Local Authorities under the Public Health, Housing, and other Acts, and do not in any way detract from or diminish any of the functions of Local Authorities, they have a peculiar interest in keeping down sickness expenditure, and may make suggestions and reports to the administrators of public hygiene, and, in the last resort, obtain damages from them, or from other neglectful persons, if excessive sickness costs are cast upon the Insurance Committees as administrators of the medical benefits granted by the Act.

District Insurance Committees (Section 59).

The Insurance Committees will, in consultation with the Local Authority, divide their areas into suitable districts and appoint a "District Committee" to each, to enable them properly to administer areas which will, of course, contain large numbers of Insured Persons. In particular there is to be a District Committee for each borough (including the City of London and a Metropolitan Borough) within the

County having a population of not less than 10,000 people, and for each urban district within the County with a population of 20,000.

It will be observed that the separation of the administration of the medical from that of the money benefits provides a double check upon that minimum of persons who, without careful administration, make undue claims upon benefit. It is as absurd to charge workers generally with malingering as to deny that malingering exists. Under the Act the malingerer has to deceive both the Approved Society and the Insurance Committee.

Constitution of the Insurance Committees (Section 59).

The constitution of the Insurance Committee is such as to secure a majority representation upon them for Insured Persons. Each Committee is to consist of not less than 40 and of not more than 80 persons, of whom :—

- (a) *Three-fifths* are to be appointed so as to secure *representation of the Insured Persons* resident in the Insurance Committee's area who are members of Approved Societies, and who are Deposit Contributors in proportion to their respective numbers ; these representatives will be elected respectively by the Approved Societies, and, if an Association of Deposit Contributors has been formed in the area, by such association. If there is no Deposit Contributors Association, the Insurance Committee will appoint persons to represent them. Regulations of the Insurance Commissioners are to determine the method of appointment.
- (b) *One-fifth* are to be appointed by the County or County Borough Council, and two of these must be women ;
- (c) *Two members* are to be elected either by any association of duly qualified doctors resident in the County or County Borough which may have been formed for that purpose under such regulations, or, if no such association has been formed, by the doctors ;
- (d) *One member* or, if the total number of the Insurance Committee is 60 or upwards, *two members*, or if the total number of the Committee is 80, *three members*, are to be duly qualified doctors appointed by the County or Borough Council ;
- (e) The remaining members are to be appointed by the Insurance Commissioners ; at least one must be a doctor and at least two must be women.

The local Medical Officer may, on invitation, attend the meetings of the Insurance Committee.

Insurance Committees may combine, or be required by the Insur-

ance Commissioners to combine, for the better performance of their functions.

Powers and Duties of Insurance Committees (*Sections 15, 16, 60, 63, &c.*).

Let us now survey in their entirety the powers and duties of the Insurance Committees. They are as follows :—

(1) *Entire Administration of Benefits of a Medical Character.*—As is shown in Chapter X., the Insurance Committees are made entirely responsible for the administration of Medical Benefit, Sanatorium Benefit, and all other benefits of a medical nature. It is their duty to do all in their power to restore sufferers to health.

(2) *Entire Administration of all Benefits for the Deposit Contributors.*—As is shown in Chapter XV., the Insurance Committees administer *all* benefits, whether of a medical or monetary character, for the Deposit Contributors.

(3) *Reports and Suggestions on Public Hygiene.*—The Insurance Committees must make reports to the Insurance Commissioners as to the health of the Insured Persons in their care, and make such suggestions in forwarding their returns as they may think advisable, and the Insurance Commissioners are to forward such reports or suggestions to the Local Authorities concerned.

(4) *Analysis and Classification of Deposit Contributors.*—The Insurance Committees are to make full reports to the Insurance Commissioners on the Deposit Contributors of their areas, analyzing them and classifying them to show what further measures are necessary for their proper treatment. It should be remembered in this connection that (Chapter XV.) the Insurance Committees have power to spend indefinitely on Deposit Contributors with the consent of the Treasury and Local Authority.

(5) *Teaching of Hygiene.*—The Insurance Committees are to organize lectures and classes on hygiene, in conjunction with Education Authorities, Universities, &c.

(6) *Sickness Books and Deposit Contributors' Money Benefit Accounts.*—The Insurance Committees are to keep proper books and accounts and submit same to Treasury audit. As to members of Approved Societies, they will need to keep Sickness books only. As to Deposit Contributors, they will need books for the Money Benefit also. The Sickness books of the Insurance Committees, when analyzed and presented as a general return by the Insurance Commissioners, will give us such a true picture of public health as we have never before possessed. This invaluable record of experience will be a constant stimulant to Parliamentary and Local action.

(7) *Powers in "Excessive Sickness."*—Finally, the Insurance Committee possesses a most important power of calling neglectful persons, corporations, or authorities to account when "Excessive Sickness" arises, and this is so important that I will deal with it in a separate section.

Excessive Sickness (Section 63).

The Insurance Committees possess the powers about to be described in common with the Approved Societies and the Insurance Commissioners.

When it appears to the Insurance Committee that "Excessive Sickness" is experienced by the Insured Persons in its care, and that such excess is caused by the neglect of any private person, or corporation, or public authority, it may claim repayment from the neglectful party of the extra cost caused to it by the Excessive Sickness.

If the neglectful party refuses to pay the account for extra costs, the Insurance Committee may apply to (1) The Home Secretary or (2) The Local Government Board, as the case may require, for a public inquiry, and thereupon such an inquiry may be held at the discretion, of course, of the Government Department concerned.

What "Excessive Sickness" means. The Insurance Commissioners will calculate the average expectation of sickness, and "Excessive Sickness" means that the sickness actually experienced in a locality is greater than such average expectation by 10 per cent.

The Insurance Committee may act in any case where excess is due to—

- (a) The conditions or nature of employment of Insured Persons.
- (b) Bad housing or insanitary conditions in any locality.
- (c) An insufficient or contaminated water supply.
- (d) Neglect on the part of any person or authority to observe or enforce any Act relating to the health of workers in factories, workshops, or other industries.
- (e) Similar neglect of the Public Health Acts.
- (f) Similar neglect of the Housing Acts.
- (g) Similar neglect "to observe or enforce any public health precautions."

It will be seen that the range of action is exceedingly wide, both as to the nature of the neglect or default, and as to the definition of those neglectful. Private persons, firms, companies, corporations, public authorities—any or all are liable to be called to account.

If at the Public Inquiry it is proved that during the previous three years (or, if there has been an outbreak of epidemic, endemic,

or infectious disease, during a less period) there has been Excessive Sickness due to any specific neglect, the neglectful person or authority will have to make good the Insurance Committee's claim, with costs. If it is a case of bad housing, the Local Authority may serve notice upon the owner, lessee, or occupier of the premises which are the subject of the inquiry, and if the neglect is the fault of the person upon whom notice is so served, he may be required to repay the damages to the Local Authority.

It is impossible to exaggerate the importance of this "Excessive Sickness" provision. It arms the Insurance Committee (and the Approved Societies and Insurance Commissioners with them) with powers which their own interests will undoubtedly lead them to exercise, and when they are exercised it is not only Insured Persons who will be defended; the entire community of the area will gain.

Income of the Insurance Committees (Section 61).

The Insurance Committee has a composite income, made up thus:—

(1) It will receive all sums payable in respect of members of Approved Societies in its area for the purposes of medical benefit and administrative expenses.

(2) It will receive all sums whatsoever payable in respect of the Deposit Contributors in its area.

(3) It will receive from each Approved Society in its area 1d. per member per annum towards its administrative expenses. This 1d. may be increased by the Insurance Commissioners to 2d. if the Insurance Committee members incur travelling expenses.

(4) It *may* receive extra income from the Treasury and Local Authority on account of Medical or Sanatorium Benefit for either members of Approved Societies or Deposit Contributors (see Chapters X. and XV.).

CHAPTER XIV

FRIENDLY SOCIETIES, TRADE UNIONS, ETC., UNDER THE ACT

Past Neglect of Friendly Societies.

FRENDLY Societies in the past have been too much neglected by the Legislature. They have received a little assistance, but for the most part have been left to blunder along in honest ignorance, which is often as fatal to their members as wilful dishonesty. The National Insurance Act gives for the first time full and proper assistance to these institutions, and proper protection to their members in respect of their insurance. What has been done in the past may be gauged by the amount of the total annual vote for the Registry of Friendly Societies, including the Assistant Registries of Scotland and Ireland. It amounts to the paltry sum of £9,910 in 1912. As the number of Societies and branch Societies with which the Registry is concerned is over 35,400, we see that the value of the attention which the Registry is able to give to each society or branch averages about 5s. 7d. per annum.

We need not wonder, then, that the great majority of Friendly Societies, apart from the great Affiliated Orders and Centralized Societies, are in a deplorable financial condition. Friendly Society law, it is true, calls for the valuation of registered Societies, but it does not even insist upon the appointment of a properly qualified actuary to value assets and liabilities. Even upon the valuations furnished, and many of them are not reliable, millions of Friendly Society members are not insured for the benefits they subscribe for. It is, of course, a dangerous business to embark in without expert guidance. In some little town or village a group of persons, usually young, found a Sick Club. They agree to put up a few pence a week and they draw up rules granting glorious benefits. For years everything goes well. It appears that the few pence a week are not merely enough, but too much, for year by year there is money saved. The

fact is, of course, that the bulk of the members are still young and drawing little benefit. By and by the bulk of the membership begins to feel the weight of age and its accompanying sickness. Then it is discovered that there are not nearly funds enough to meet the liabilities, and there has to be either a large levy or a great reduction of the promised benefits. That, unfortunately, has been the history of thousands of Friendly Societies, and the melancholy results may be seen year by year in the valuation returns that come in.

What I have written applies to Friendly Societies. With regard to Trade Unions, benefit work has been always done knowingly on a non-actuarial basis. The idea has been to make the whole of the funds of a Trade Union available for any purpose at any moment. They have accordingly adopted the rule-of-thumb method of paying out sickness claims as they arose, accumulating no proper reserves, and relying upon levies if necessary to regain solvency if funds should run out. It is, of course, a most uneconomic method of conducting Health Insurance work, and for the good of Trade Unions themselves it ought to be ended. The National Insurance Act, by encouraging them to end it, performs a great service for the Trade Union movement.

Effect of Act on Friendly Societies (*Section 56, &c.*).

The National Insurance Act "interferes" with the work of Friendly Societies and Trade Unions by compelling workers to insure themselves against loss of health. A worker, finding 4d. deducted from his wage for sickness insurance, would in many cases be compelled to give up his Friendly Society subscription if the State Act did not enable the Friendly Society to carry on the State Insurance. But that is precisely what it does. The Friendly Society has a constitution and rules which are of the general character required by the Act for an "Approved Society." A great deal of nonsense is talked about extra work thrown on Friendly Societies by the Act, and as to making official returns, keeping official accounts, &c. It is forgotten that Friendly Societies either are now keeping proper accounts, or ought to be doing so, and that, if registered, they now make returns to the Registrar of Friendly Societies, and have now, if registered, to make a periodical valuation. Under the Act, Sections 35 and 36, Approved Societies have to keep proper accounts, but this is no new obligation; only the Treasury audit is new, but it is proper as well as new, and costs the Approved Society nothing. As to both audit and valuation, in the past they have been at the Society's expense; under the Act they will be at Government expense and not a charge on the members' contributions. All this means in practice little or no more work for Friendly Societies, but a real and invaluable assurance for their members.

It will be understood that the members' contributions pass *via* the employer, *via* the Post Office, to the Insurance Commissioners. The Approved Society, however, shows by its members' Insurance Cards what is due to it from the State, and obtains credit accordingly. Out of that credit the Insurance Commissioners, adding the proper State contribution which they have received from the Treasury, furnish them with the funds to pay benefits. It is all delightfully simple and automatic, as most things are when they are done on a big scale with proper organization. It should be added that an Approved Society is allowed to invest its own members' fourpences, but I really do not know why it should want to do so; investment is much better left to the Central Authority.

There is nothing in the Friendly Societies Act which compels registration, but in spite of this the great bulk of our Friendly Societies have had the sense to put themselves on the register and give themselves status. Certain advantages are gained for a Society by such registration, as, for example, the right to hold property in the names of trustees (the property being vested in the Society's trustees by their mere appointment), prompt remedy against those members who commit frauds upon it, freedom from certain stamp duties, power to take binding receipts from minors, power legally to determine disputes under its rules, and many other important privileges. What the National Insurance Act does is not to deduct from these privileges, but to add to them. It deducts nothing worth having; it renders invaluable aid. True it is that it applies compulsion, whereas Friendly Society membership subscriptions are now voluntary. To the compulsory subscription it adds over 100 per cent. of value, however, and Friendly Societies retain the right to choose their own associates from the ranks of the many millions of compulsorily insured.

The National Insurance Act, Part I., is concerned solely with Health Insurance; there is nothing in it, however, to forbid a Friendly Society from continuing funeral money benefits or endowment benefits, or any other of the proper purposes defined by the Friendly Societies Act. The Society simply keeps one department for the National Health scheme, and adds to it what other departments it pleases within its existing scope. The male worker pays 4d. to it through his employer; he can pay as much more as he pleases for additional insurance.

"Friendly Societies" and "Collecting Societies."

"*Friendly Societies.*"—By the term "*Friendly Societies*," those institutions are properly referred to which are mutual benefit associations carried on, not only without monetary profit, but without the assistance of paid collectors. Such societies usually grant medical

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benefits, money benefits in sickness, disablement benefit, and funeral benefits.

Such Friendly Societies proper may be either (1) ordinary or single Societies, or (2) Affiliated Societies commonly called "Affiliated Orders," having a constitution which affiliates largely autonomous branches (termed Courts, or Lodges, or Tents) with a central body, to which they in some measure contribute, and governed by general common rules.

Included in Friendly Societies properly so called are the Deposit Societies, the peculiar feature of which is that they accumulate for the benefit of their members at interest any surplus of their contributions over and above what is necessary to keep them insured for their benefits, and allow them to withdraw it in cash from time to time.

"*Collecting Societies.*"—Friendly Societies proper should be carefully distinguished from "*Collecting Societies.*" The latter are Societies which employ paid collectors to gather contributions at a greater distance than ten miles from their registered office. Their business is practically confined to funeral money benefit; in the nature of the case they cannot check sickness claims. Such Collecting Societies are subject to the special provisions of the Collecting Societies and Industrial Assurance Companies Act, 1896. Indeed, they differ from an industrial insurance company not in method, but in that they are not carried on for commercial profit. Since the passing of the Act referred to (1895), new Collecting Societies registered are compelled to adopt the two words "*Collecting Society*" for the last words of their title.

These collecting funeral-money societies are uneconomic institutions, like the industrial insurance companies. They have to spend a very large proportion of their revenue in collecting it, and "management" usually comes out at something like 6d. in the 1s.

Friendly Societies proper, as we have seen, have no difficulty in becoming Approved Societies.

A Collecting Society cannot become an Approved Society unless it establishes a separate branch to work the National Health Insurance. Many of them doubtless will do so, and if this proves to be the case, so much the better, for, in effect, in each such case a Collecting Society—a mere burial club—will have established a real and economic Friendly Society branch.

Industrial Insurance Companies.

It is open for an industrial insurance company, as for a Collecting Society, to organize a separate branch for the purposes of the National

EXTRACTS FROM CIRCULAR ISSUED BY THE MANCHESTER UNITY.

In addition to State Insurance, for which the deduction will be made from wages by their employers, members may continue to pay their present contributions and receive both the State benefits and the full Sickness and Funeral Benefits provided by the Society.

Members may elect to have their State contribution of 4d. per week (3d. for women) deducted from their present contributions, and will receive the State benefits with the addition of payment for benefits during the waiting periods under the Act, the first three days' sickness, the probationary period between sickness and disablement insurance, and as much sick pay as will make the State allowance equal to the amount to which they are now entitled, and funeral benefits for members and their wives who predecease them.

Under the Act the contributions payable by or in respect of members (including employers' share) will be generally higher than those now paid to the Society, and the State will relieve the Society of the cost of two-ninths of the benefits. This extra financial provision will both increase the assets and relieve the liabilities of the Society, so that considerable sums will be set free for additional benefits to those Members who make the Manchester Unity their Approved Society.

If a member who is now paying a contribution of sevenpence per week for

Sickness benefit of 12s. per week for 52 weeks,
 " " 6s. " afterwards,
 £12 funeral benefit, and £6 wife's funeral benefit,
 makes the Unity his approved society, he may in future pay 3d. per week to the Lodge and receive the following total benefits:—

BENEFITS.**FROM LODGE FUNDS.**

12s. per week for first three days' sickness.
 2s. per week for first 26 weeks' sickness.
 7s. per week for second 26 weeks' sickness.
 1s. per week afterwards.
 Funeral Benefit, £12.
 Wife's Funeral Benefit, £6.
 Substantial extra Benefits equivalent to a contribution value of 1½d. per week.

FROM STATE INSURANCE FUNDS.

Nothing for first three days' sickness.
 10s. per week for 26 weeks.
 5s. per week for 26 weeks.
 5s. per week afterwards.
 Medical Attendance and Medicine.
 Maternity Benefit of 30s. for each confinement.
 Sanatorium treatment if required.

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Health Insurance. If it does so, it really helps to create a new true Friendly Society, which has nothing whatever to do with its ordinary funeral money business, and the funds and accounts of which are as distinct from its ordinary operations as though it were a branch of the Oddfellows, or Foresters, or Free Gardeners.

Existing Friendly Society Funds Released (*Sections 55, 72, &c.*).

Every worker compulsorily insured by the Act enters insurance at the same flat rate of contribution, normally 4d. for a man and 3d. for a woman. Every worker aged 16 to 65 is treated as though 16 years of age, and this is accomplished by drawing upon the entire insurance fund in order to create for each person over 16 a reserve fund such as he would have accumulated if he had been contributing ever since he was 16. By this means the whole of the insured are made 16 years of age for insurance purposes.

It follows that, as a Friendly Society member becomes compulsorily insured under the Act, he is furnished with a new insurance reserve, and does not need for the purposes of the National Health Insurance his existing reserve which he has built up by his own thrift. That means, of course, that his existing reserve is released. Under Section 72 of the Act his Society may entirely revise its finances in view of this important fact, and may make a scheme either increasing the benefits of its members without increasing their subscriptions, or reducing their subscriptions, or combining both methods.

What happens in bulk is that under the Act the liabilities of Friendly Societies are reduced by a very large sum—£10,000,000 or more.

I will show what the release of old reserves means to the existing members of a great Friendly Society.

On page 134 I give an extract from a circular issued by the Manchester Unity of Oddfellows on the benefits of the National Insurance Act.

It will be seen that the Manchester Unity point out that the effect of the Act is to—

“increase the assets and relieve the liabilities of the Society, so that considerable sums will be set free for additional benefits for those members who make the Manchester Unity their Approved Society.”

They illustrate the point by taking the case of an existing member who is now paying them 7d. a week for certain benefits, and they show that by merely continuing to pay the 7d. (4d. through the employer by deduction from wages, and 3d. directly to the Manchester

Unity), the member will in future receive the following fine scale of benefits:—

Sickness Benefit: 12s. per week for first 52 weeks' sickness.

Disablement Benefit: 6s. per week from the fifty-third week, for as long as may be necessary.

Funeral Benefit at Member's death: £12.

Funeral Benefit at death of wife: £6.

Medical Attendance and Free Medicine.

Maternity Benefit of 30s. for each Confinement.

Sanatorium Benefit if required.

Substantial Extra Benefits equal to a contribution value of 1½d. per week,

It will be seen how substantially the existing members of solvent Friendly Societies stand to gain.

Of course, when a Friendly Society is not solvent it cannot gain so much, but it must gain something. Its members are set up with new reserves, and their old reserves are therefore released to give them some degree of extra benefit.

The Special Case of Trade Unions.

In the case of Trade Unions doing Friendly Society work, as has been explained, they have not hitherto built up insurance reserves, relying upon their power of levy to get straight at any time. There are, therefore, no reserves to be released, as in the case of such a Society as the Manchester Unity of Oddfellows. Nevertheless, let it be remembered, their members are furnished with reserves by the State scheme, and they are therefore, in respect of the Health Insurance, put on their feet from an actuarial point of view. That means a great accession of strength to a Trade Union, since it can use more of its members' contributions for the main purposes of Trade Union work, viz., improving the conditions of employment of its members.

Further, out of the many millions of compulsorily Insured Persons, Trade Unions have the opportunity, by forming branches to work the National Insurance Act as Approved Societies, to gain millions of new members.

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Many existing Trade Unions are small bodies, but as will be seen by Chapter XII., they need not be shut out on that ground. The Act allows small Societies, whether Friendly Societies or Trade Unions, to become approved (see Chapter XII.), only providing that they shall to a certain extent pool their risks by association with other Societies. For the sake of Trade Unionists themselves, it is earnestly to be hoped that the small Trade Unions will thus group themselves. The greatest weakness of British Trade Unionism lies in the existence of many Trade Unions where there ought to be few. A Federation of British Trade Unions by groups is a thing devoutly to be desired, and the National Insurance Act, if it helps to bring about a greater solidarity in the Trade Union movement, will have done a much-needed service to our trade associations.

The idea, actually mooted by the majority of the Executive Committee of the Fabian Society, that British Trade Unionism is likely to be injured by a system of National Insurance, is not borne out by the experience of Germany, which has had a National Insurance Scheme in operation for a generation past. Here are figures showing the comparative growth of British Trade Unions and German Trade Unions in recent years :—

BRITISH AND GERMAN TRADE UNIONISTS.

Year.		Britain.	Germany.
1899	...	1,850,000	864,000
1909	...	2,365,000	2,961,000*
Increase	...	515,000	2,097,000
Increase per cent.	...	28	240

* Even this figure is incomplete, but it is given because it compares properly with the German figure of 1899. The actual number of all the German Trade Unionists is now 3,500,000.

Thus, in spite of (or should we say because of ?) the existence of a German national insurance scheme, German Trade Unionism has gone ahead astonishingly in recent years, and that although German Trade Unions are not allowed to work the State Insurance scheme, as British Trade Unions are allowed to do by Mr. Lloyd George's Act. Moreover, the German workmen's weekly contributions are much higher than those enacted by the National Insurance Act, while his wages are lower than British wages, and his cost of living higher than ours. If, then, a German workman, with lower wages, higher costs, and larger insurance rates, can find the subscription for his Trade Union, as the above figures show, our Trade Unionists need not fear the effect upon their organizations of a 4d. insurance payment.

British Trade Unions, indeed, have a magnificent opportunity in this matter. If they are wise, they will promptly federate and become Approved Societies, and thus associate with their work the great benefits which the system offers. It should be clearly understood that a Trade Union, like a Friendly Society, can become an Approved Society before it has actually federated. This is obviously necessary to enable new Societies to come into existence. It will thus be entirely the fault of British Trade Unions themselves if they do not become Approved Societies.

The Act does not touch Existing Society Funds.

It should be clearly understood that the Act does not use or manipulate the existing funds of Benefit Societies, whether or not they become Approved Societies. Existing funds remain the sole property of those who subscribed them.

Existing Employers' Provident Funds (*Section 73*).

In the case of Employers' Provident Funds which, as we have seen, may become Approved Societies under the Act, the existing liabilities are reduced, of course, in precisely the same way, with the grant of additional benefits to the members without increase of contribution.

CHAPTER XV

THE CASE OF THE UNINSURABLE

Persons who Fail to Enter "Approved Societies."

EVERY person compulsorily brought within the scope of the National Health Insurance is by its terms an "Insured Person," and, as we have seen, he has the opportunity to apply for membership in an Approved Society. But, on the other hand, an Approved Society has the right to select its members. It follows, therefore, that a certain proportion of "Insured Persons" will fail to obtain membership, since the Act comes into force in 1912 in a society in which a considerable number of workers have lost their health and become uninsurable. It is quite a mistake to suppose, however, either that Friendly Society membership in the past has been based on carefully picked lives or that careful picking will be the rule under the Act. A great deal of nonsense has been talked on this subject. For example, a curious pamphlet on the Act has been issued by the National Conservative Union. It consists of a medley of articles written by Unionist Members of Parliament, some of whom write fairly and temperately, while others indulge in gross abuse of the "liar," "swindler," and "fraud" order against Mr. Lloyd George. We find Mr. L. S. Amery, M.P., one of the offenders, writing:—

"The unsound finance of the scheme will directly set up a system of competition for the best lives and of exclusion of the worst lives."

The plain facts of the case are far otherwise. In the past the medical examination of Friendly Society members has been very perfunctory, for it has been paid for at absurdly low rates, which could not possibly enable a doctor to do more than detect obvious unsoundness. As for what will happen under the National Insurance Act, Mr. L. S. Amery, M.P., has already had his answer. Our biggest Friendly Society, the Manchester Unity, has already decided (February 1, 1912) to become an Approved Society, and, further, to *abolish all medical examination of new members*, only stipulating that the member him-

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self and his proposer and seconder shall testify to his general good health.

Trade Unions will certainly adopt the same course, and other Societies, I have no doubt, will fall into line.

It is plain, therefore, that only "bad" lives will be shut out from membership. It is almost equally plain that Friendly Society sickness experience is not based on carefully selected lives.

Thus the exaggerations about millions of persons being shut out into the ranks of the Deposit Contributors go by the board. The proportion of the rejected will clearly be small.

It has been suggested that a large number of casual workers may find it difficult to become members of Approved Societies, but is this so? In the Conservative pamphlet referred to we find Mr. Worthington Evans, M.P., writing—

"It is impossible to make any exact estimate, but the number will be large, seeing that about 5 per cent. of the present members of Friendly Societies, who are to some extent the pick of the community, fail to retain their membership, about 250,000 a year dropping out of the Societies. It is true that the provisions of the Bill relating to non-payment of contributions whilst sick, and relating to arrears, will prevent many of these lapses, but, on the other hand, those who act under compulsion are not likely to be so regular as those who have been voluntary insurers. It is no exaggeration to fear that from one and a half to two million persons will suffer the fate of Deposit Contributors.

"The Deposit Contributors are those who from indifferent health are unable to pass the medical test and obtain admission into Friendly Societies, and those who are by irregularity of employment unable to maintain their contributions to the Friendly Societies."

These are extraordinarily wild statements. Mr. Evans suggests, to make his case, that compulsorily insured persons will be less regular in payment than the voluntarily insured. This is indeed enough to make the reader rub his eyes in sheer bewilderment, and I am grappled for comment. Mr. Evans feels bound to refer to the generous arrears arrangements which I have explained in Chapter XI., but he is loth to admit that lapses will not occur, and he suggests by his language that lapses will be many. Let us remind ourselves of what we studied in Chapter XI. It is exceedingly difficult, almost impossible, for a man to fall out of insurance under the Act. For the first year of the Act's operation, arrears do not count at all, and a man is not out of all benefits until he is over 26 weeks in arrears counted on an annual average since he entered insurance. Finally, his membership does not lapse until one year after he is finally suspended from all benefits. Thus, if a casual labourer enters insurance on July 15, 1912, and is 18 weeks in arrears during the first twelve-

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months, 20 weeks in arrears in the ensuing twelve months, and 15 weeks in arrears in the third year of his insurance, his arrears account stands as follows:—

First year's arrears 18 weeks not counted...	...	...	...	0
Second year's arrears 20 weeks	...	...	...	20
Third year's arrears 15 weeks	...	...	...	15
			Total	35

Average arrears at the end of the third year of
insurance $= 35 \div 3 = 11\cdot 7$

He is thus not yet out of *money* benefit, since his average arrears are less than 13 per annum. If, and when, he reaches an average of 26 weeks' arrears per annum, he is suspended from all benefits, and NOT UNTIL ONE YEAR AFTER THE DATE OF SUCH SUSPENSION is his reserve dealt with under Section 10; even then he may come back into insurance on terms. As it is very difficult to imagine a worse case than the above, it is difficult to see how men can lapse from insurance under the Act to any extent worth mentioning.

We see that the question of rejected memberships largely resolves itself into : (1) "bad lives," and (2) bad characters, and of these the former is alone of importance.

It should be observed that a minor and very small class of Deposit Contributors is created by the special provision for those aged 65 to 69 (see Chapter X.).

A Disappearing Factor.

Those who have criticized the Act so severely because rejected memberships arise under it, show an extraordinary lack of appreciation of the facts of the case. In the first place, the factor is almost entirely a disappearing one. It arises (1) because we must, basing ourselves upon the recognition and adaptation of existing Friendly Societies, give them the right to choose their associates ; and (2) because the Act opens its work under conditions for which the Act is not responsible, and which it will in future largely prevent.

It is not the fault of the National Insurance Act that it cannot throw back twenty, thirty, or more years and insure as healthy boys and girls of 16 existing consumptives and incurables. As, however, time goes on, each year will bring into insurance a new generation of boys and girls aged 16 and so with the efflux of time the membership under the Act will consist entirely of persons who have had their chance to become insured at 16. The proportion of rejected members will therefore diminish year by year, and finally almost disappear, for, as

we have seen, it is hardly possible for severe unemployment to deprive persons of membership after they have once attained it.

Further, why do a certain number of "bad lives" exist in 1912? The answer is, largely for want of such a measure as the National Insurance Act. If this Act had been passed a generation ago, we should happily be spared the empty rhetoric, creditable neither to the hearts nor the heads of those who employ it, as to the lot of the rejected members under the Act. If a man really has heart, let him remember that pity is due not only to those who have succumbed to illness, but to those who will inevitably succumb without such a legislative measure as I am discussing. If a man has head, let him remember that it is far more important to prevent destitution than merely to pass a measure to deal with those who, through illness, have become destitute. Some critics of the Insurance Act, forgetting these things, tell us that we should above all fix our eyes upon the present worse cases, and that the Act does not sufficiently regard the existing worst cases. But how do these existing worst cases arise? Who are the people who to-day, we fear, may be unable to join Approved Societies? The answer is that these people are those who have at some time or other fallen out of the ranks of those who are sometimes lightly spoken of as the best off, the best paid, the "aristocrats of labour," the Trade Unionists, the Friendly Society members. So far from chiefly fixing our eyes upon the worst cases, we ought chiefly to turn our attention to the prevention of the further creation of bad cases.

We actually find critics of the National Insurance Act using the following mutually stultifying arguments: (1) That the Act is bad because it is remedial instead of preventive; (2) that the Act is bad because it does not chiefly attend to the destitute instead of to the aforesaid "aristocrats of labour." But if Mr. Lloyd George's Act neglected those who are in imminent danger of falling,—those who are now struggling to find 6d. to 1s. a week with machine-like regularity to maintain themselves as clubmen,—in order solely or chiefly to have regard to those who have already fallen in the strife, the Act would not be, as it now is, a measure in prevention of destitution, but would be solely a palliative measure.

When Friendly Society and Trade Union members are spoken of as though they were an absolutely stable element, I smile on the wrong side of the mouth when I think of the melancholy facts of the case. It is true that there is a certain stable nucleus in such Societies and Unions, but no small part of the membership is temporary and fluctuating. Bad trade comes, and the membership of Trade Unions rapidly falls, because members cannot maintain their subscriptions. Friendly Society lapses are literally enormous in number, amounting to 300,000

to 400,000 a year (Funeral money or Collecting Societies have *millions* of lapses every year). Millions of our population who are not at this moment members either of Friendly Societies or of Trade Unions have been at some time or other members of Sickness Benefit Societies. Further, millions of Society members belong to insolvent Societies and are not really insured. Yet we have ill-informed rhetoricians addressing public gatherings and speaking of Friendly Societies as though they contained a certain definite part of the population which is already well off and which the Bill unjustly and unnecessarily helps. The reader will see that the facts of the case are largely at variance with the superficial talk about the Act not helping those who need help. The Act, by giving 9d. (or more according to age) worth of benefits for 4d. (or less) makes it possible for Friendly Society and Trade Union membership to become stable as it has never been stable before, and thereby to save millions from becoming the unfortunates whom some politicians affect to pity so deeply.

In my "Riches and Poverty" I took the liberty of terming the people under the Income Tax line "poor," and I affirm and allege again that they are, for the most part, "poor," and very poor. The Insurance Act does well to come to their aid in sickness, and the obvious difficulties of dealing with the minority who cannot obtain admission to Approved Societies should not deter us from doing our plain duty to the majority whose case we can so plainly make better and prevent from becoming irreparable.

Of course, I am not arguing that the existing "bad lives" do not need or deserve our tender solicitude. Nothing is more certain, however, than that the National Insurance Act will lead to such an amelioration of the condition of the rejected members as would not have been likely to occur without the definite information which the Act will presently put at our disposal. The Act forces their case to the front. It is made a chief duty of the Insurance Committees to classify and report upon the Deposit Contributors. Within a short time of the Act coming into operation, therefore, Parliament will have such a record of the national health as it has never had before. The "bad lives" (if *employed*; but let us remember that "bad lives" are not always in employment) will be revealed and classified, and Parliament will be able to deal with them appropriately, not by insurance, but by suitable means according to each class of case.

Parliament is pledged to do so. Section 42 (The Deposit Contributors' section) begins with the words "Until Jan. 1st, 1915."

That is to say, the scheme of Deposit Contribution is only to run until that date, and the Government has pledged its word to legislate

specially for the Deposit Contributors as soon as they are revealed and classified by the Act.

The Deposit Contributors, therefore, stand to gain by the Act not less but more than ordinary contributors. Truly, they need pity, but not because of their position under the Act. They need pity because in their youth there was no Insurance Act to save them.

The Rejected Made "Deposit Contributors" (*Sections 42, 43*).

The Act has in view the fuller treatment of the rejected members when it establishes a tentative deposit system to deal with their case.

Insured Persons who cannot find an Approved Society to admit them to membership are termed "Deposit Contributors," and their benefits will be administered by the Insurance Committees, with the aid of the Post Office.

The Insurance Card (Chapter VI.) will be issued to the uninsurable person by the Post Office, together with a membership book, in which credit will be given for the member's contribution of 4d. and his employer's contribution of 3d.

Out of the total deposit thus formed, the Deposit Contributor will be entitled to (1) medical attendance, (2) sanatorium treatment, and (3) Money Benefit (*i.e.*, Sickness, Disability and Maternity benefits), as long as the deposit lasts, the State adding two-ninths of the benefits paid out.

The member will have to contribute for the same "waiting periods" as ordinary contributors before becoming eligible for benefits. If the member dies three-sevenths of his deposit lapses to the common fund of the Deposit Contributors; the remainder represents his own 4d. as distinct from his employer's 3d., he can leave to whom he will.

The difficulties attaching to this matter of the Deposit Contributors should not blind us to the advantages which they actually obtain under the Act. It is not the case, as has been sometimes represented, that the general contributions are averaged over the entire population, including uninsurable lives, and it is not the case, therefore, that part of the Deposit Contributors' money goes to swell the gains of the Approved Society members.

The Deposit Contributor's case is greatly improved, to take the case at its lowest. To his own 4d. is added the employer's 3d. and (in effect) the State's 2d., and upon the entire deposit he draws. He gets medical and sanatorium benefit (many of the cases are tubercular), for the remainder of the year in which he is ill, even if his money runs out, and the Insurance Committee have power to continue medical and sanatorium treatment indefinitely.

The Insurance Committees who administer the benefits of the

Deposit Contributors may, with the consent of the Local Authority and of the Treasury, spend more money than the amount of the contributors' deposits upon medical treatment of the Deposit Contributors, and the Act authorizes the Treasury and the Local Authorities to defray each one-half of such additional expenditure. Thus the way is opened to a considerable enlargement of the Deposit Contributors' benefits.

Number of Deposit Contributors.

It is quite impossible to foretell the number of Insured Persons who will become Deposit Contributors. The actuaries, Messrs. Hardy and Wyatt, have been bold enough to put it at 882,000, being 638,000 men and 244,000 women. The true number may easily be less or more. As we have seen, it is part of the duty of the Insurance Committees to make returns in connection with their important duties, and the numbers and classification of the Deposit Contributors will be awaited with particular interest.

Associations of Deposit Contributors.

The Insurance Commissioners have power to make regulations under which an Association of Deposit Contributors may be formed in any County or County Borough, to guard the general interests of the Deposit Contributors. Such an Association has no powers of administration, for all Deposit Contributors' Benefits are administered by the Insurance Committees. They can watch the general interests of the Deposit Contributors, however, and make representations on their behalf. For example, they can require the Insurance Committee of the area to take proceedings on their behalf, and at their expense, under the "Excessive Sickness" provisions (see Chapter VI.). It is not clear, however, where such Associations are to obtain funds for such a purpose.

CHAPTER XVI

WOMEN AND THE HEALTH INSURANCE

The Women Included and Excluded.

IT has been already shown that it was found impossible to bring existing married women within the Act unless they worked for employers. The reason will be obvious. It is exceedingly difficult to check the sickness claims of married women. When a woman is working for an employer she has, of course, to forfeit earnings to obtain benefit; if she is a domestic woman, occupied with household work, there is no such automatic check. Therefore, the idea of allowing domestic married women to come in as voluntary contributors had to be reluctantly abandoned.

The general position of single women or married women working for employers has been already explained. They make certain compulsory contributions, and receive certain benefits, which have been fully described in previous chapters. We may usefully remind ourselves here of the number of women which it is estimated will be brought within the system at the beginning of the Act's working, and on the next page a table is given, based on the actuaries' estimates, which shows not only the number of compulsory and voluntary women contributors, but how they are grouped—and surely this is very daring—in point of age. It will be seen that it is estimated that over 4,000,000 women will become either members of Approved Societies or Deposit Contributors. The number of married women working for employers is unfortunately large, and the number of widows compelled to go out to get their living should not escape attention, for it bears on a point we shall presently consider.

Spinsters, of course, make up the bulk of the women in the table. While they remain spinsters working for employers, their case is normal under the Act, and has been dealt with. It remains to explain what arrangements are made under the Act for the single insured woman who gets married.

Before doing so, let us remind ourselves of the woman's normal benefits.

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WOMEN BROUGHT WITHIN THE HEALTH INSURANCE: 1912.

AGES.	COMPULSORY.			VOLUNTARY.			BORN CLASSES.
	Spinsters.	Married.	Widows.	Total.	Spinsters.	Widows.	
16-20	... 891,000	7,000 44,000	— 2,000	898,000 867,000	26,000 31,900	— 100	26,000 32,000
20-25	... 821,000	— 76,000	2,000 10,000	867,000 519,000	31,900 25,300	100 700	899,000 545,000
25-30	... 433,000	— 94,000	10,000 22,000	433,000 353,000	25,300 22,800	700 2,200	545,000 378,000
30-35	... 237,000	— 94,000	22,000	237,000	22,800	2,200	25,000
35-40	... 141,000	— 93,000	34,000	268,000	20,900	5,100	26,000 294,000
40-45	... 91,000	— 79,000	46,000	216,000	18,600	9,400	28,000 244,000
45-50	... 60,000	— 62,000	54,000	176,000	7,300	6,700	14,000 190,000
50-55	... 40,000	— 45,000	58,000	143,000	5,200	7,800	13,000 156,000
55-60	... 23,000	— 30,000	55,000	108,000	2,600	6,100	8,700 116,700
60-65	... 14,000	— 18,000	48,000	80,000	1,200	4,100	5,300 85,300
Total Approved Society Members } 2,751,000	548,000	329,000	3,628,000	161,800	42,200	204,000	3,832,000
Deposit Contributors }	?	?	?	244,000	?	?	244,000
Grand Total ...	?	?	?	3,672,000	?	?	4,076,000

The woman's subscription is 3d. against the man's 4d., whereas the woman's employer and the State add as much for a woman as for a man. A woman, therefore, gets better value under the Act than a man.

The unmarried insured woman gets in sickness free doctor and medicine, 7s. 6d. a week for the first 26 weeks of illness, and 5s. a week thereafter as long as is necessary. She also is eligible for Sanatorium and Maternity Benefits.

The case of a married insured woman working for an employer is the same as that of the spinster, except that a wife who is herself insured gets, in effect, a *double Maternity Benefit* (see page 107).

When the Single Insured Woman Marries (Section 44).

When the single insured woman gets married, the Act makes an interesting experiment in insuring her, if she cares to be insured, as a married woman, although she may not, after marriage, work for an employer. (Of course, if she remains at work for an employer, her case is simple and has been already explained.) I say that it is an interesting experiment because it defies the difficulty of checking married women's sickness claims. If the experiment succeeds, it will be exceedingly valuable for all women.

Upon an insured woman getting married, and ceasing to work for wages, her right to ordinary benefits is suspended, and her insurance reserve is dealt with thus:—

(1) One-third of her reserve is carried to a "Married Women's Suspense Account" in order that if by and by she is left a widow, and has to enter again into employment, she may have the right of re-entry into the National Health Insurance scheme at the same 3d. rate of subscription at which she originally entered it, *i.e.*, as though she were a girl of 16. That this right will have to be exercised in many cases will be only too evident from the figures in the two columns headed "Widows" in the table on page 147. It is a most valuable provision, and one which tens of thousands of women will live to bless.

It should be understood that the one-third of the insurance reserve of her single life is not of itself sufficient to finance this re-entry into insurance in widow-hood; the remainder of the cost is a charge on the general fund for wiping out the reserve values debt (see Chapter XX.), and is one of the reasons why the elimination of that debt will not be completed for about 18 years.

(2) The remaining two-thirds of her reserve can be used in one of two ways by the insured woman who marries and ceases to work for wages. She can choose which course she prefers freely within

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one month of her marriage, or within a longer period if her Society allows :—

(a) The first of these options is to enter into a voluntary insurance on reduced terms. She will pay only 3d. a week. The two-thirds of her old reserve will add its value. The State will contribute one-fourth of the benefits paid out for her. It is hoped that these provisions will enable her to receive the following scale of Benefits :

- (1) Free doctor and medicine.
- (2) Sickness Benefit 5s. per week for 13 weeks, and 3s. a week for a second 13 weeks.
- (3) Disablement Benefit, for life if necessary, 3s. per week.
- (4) Maternity Benefit, and perhaps Sanatorium Benefit, will also be received if necessary on account of the husband's insurance.

The success of this scheme obviously depends upon what sort of sickness experience is found to attach to it.

(b) The second option exercisable by the insured woman who gets married and ceases to work for wages is that she may elect simply to make use of the two-thirds of her insurance reserve, and to cease to pay contributions. If she does this, her reserve, as far as it will go, may, at the discretion of the Insurance Commissioners, be applied to the payment, when necessary, of the following Benefits :

- (1) Payment of 5s. a week on confinement for a period of not more than 4 weeks on any one occasion. That means, of course, 20s. in addition to the 30s. ordinarily received on account of the husband's insurance.
- (2) Payments during any period of family distress, such as unemployment of husband, illness of children, &c., subject to the discretion of the Approved Society or Insurance Committee administering the Benefit.

Application to Domestic Servants.

There is really little in the case of the domestic servant that calls for special treatment. In a certain proportion of cases, doubtless, employers will avail themselves of the right to guarantee a minimum of six weeks' maintenance in sickness, and thereby secure for themselves and their servants the lower rate of contribution set out on page 87, and which, for a woman, is as shown on page 150.

If this is done, the female worker is, be it remembered, in no way damaged. At the expiration of the six weeks during which her employer has maintained her under his agreement, she is entitled to the ordinary money benefit of 7s. 6d. per week for 20 weeks, being the balance of the normal 26 weeks, and 5s. a week thereafter. She receives free doctor-

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ing and medicine all the time as in the normal case, and she is fully entitled to her Sanatorium Benefit and Maternity Benefit if she needs it.

When the domestic servant gets married she is able to exercise the options which have been described above, and as the majority of them marry, the options will be often exercised. When girls find out by experience how valuable these options are, one wonders what they will think of the mistresses who made them sign protest forms against a "tax."

A few domestic servants who are guaranteed maintenance for life in exceptional families may find it advantageous to avail themselves of the right to substitute for Money Benefits (see page 103), say, insurance for an earlier Old Age Pension, but the case is so rare that the point is of little real importance.

It should never be forgotten by those who employ young people, whether domestic servants or others, whether boys or girls, that sick-

FULL AND MODIFIED RATES OF CONTRIBUTION FOR FEMALE EMPLOYEE.

	Full Rate. Pence.	Modified Rate. Pence.
Employer Pays ...	... 3	2½
Female Employee Pays ...	... 3	2
	— 6	— 4½

ness insurance is really an insurance against age. If any one desires fully to understand this, let him consult the important tables given in Chapter XX. From a study of these it will be realized how greatly sickness experience increases with age, and how rapidly it rises after middle age. It is pitiable to think that this fact was not realized by the tens of thousands of well-to-do women who, in connection with the curious domestic servant "tax" agitation which was set on foot by the *Daily Mail* in 1911, persuaded young women to sign protest forms; if they had known it, they would have realized they were seeking to prevent girls from making in their youth, with the assistance of their mistresses and of the State, a provision against the certain burden that comes with years.

Separation of Women's Funds (*Section 41*).

Power is given to an Approved Society, but not to a Society with branches, which has both men and women members, to separate the men's and women's funds. If this is done, the two sections are treated, in respect of valuations, surpluses, and deficiencies, as though they were two branches of one Society.

CHAPTER XVII

THE STATE INSURANCE OFFICES

The Central Office of the Great National Affiliated Order.

IT is, of course, necessary for the State Health Insurance system as a whole to be under the general supervision and direction of a Central State Insurance Office. In no other way can safety and security for the Insured Persons be secured. If we regard the Friendly Society system of the United Kingdom, we see it divided broadly into two great divisions. The one consists of the great Affiliated Orders and great Centralized Societies, and the other consists of the smaller (sometimes very small) single Friendly Societies which have no branches. These two divisions roughly correspond to solvent Societies and insolvent Societies, respectively. The great Affiliated Orders, like the Manchester Unity, the Rechabites, the Foresters, the Free Gardeners, the Sons of Temperance, and others, are usually safe and solvent. The great Centralized Societies, like the Hearts of Oak, are also financially sound. It is when we come to the single Societies, and especially to the small Societies, that we encounter unsatisfactory finance, and find an enormous number of people subscribing for benefits which ought never to have been promised them for the contributions they pay.

Those, and they are many, who talk glibly of unnecessary State interference should reflect on these things. The great Affiliated Orders are sound because their numerous branches, although they possess a considerable degree of autonomy, are under the general supervision and control of a Central Body which acts as, and is sometimes called, as in the case of the Manchester Unity, a Board of Directors. For example, under Rule 82 of the Manchester Unity (the old Rules prior to the establishment of the Insurance Act are referred to), every Lodge of the Order had to have its assets and liabilities valued by the official actuaries of the Order, and if it did not do so, it was fined. If a deficiency amounting to 15 per cent. was shown by the valuation, the Lodge had either to reduce

benefits or raise contributions. It is by such common-sense provisions that the great Orders have maintained themselves in solvency, even while thousands of little unaffiliated Friendly Societies possessing no "officials" have got deeper and deeper into the mire. The Manchester Unity Central Body, I may add, has 106 rules, many of them of great complexity, and the Lodges must abide by them, and form their own district rules within them.

In spite of these things, we find public men, who ought to know better, uttering the parrot cry of "Officialism" with regard to the National Insurance Act. The fact of the matter is that the Act leaves all possible autonomy to the local institutions which we have surveyed in previous chapters, while arming a Central State Office with powers of the same kind as have been wielded by the Central Bodies of the Great Orders.

We may put it that all the Approved Societies will be affiliated to form a great National Order of Friendly Societies.

The Insurance Commissioners (Sections 57, 58).

The general managers are termed the "Insurance Commissioners." They will have a Central Office and such branch offices as may be found necessary. The entire cost of the State Insurance Office and of its officers will be borne by the Exchequer, so that it will be in no way a burden upon the Insurance Fund or upon the Approved Societies.

At least one of the Commissioners must be a duly qualified Medical Practitioner experienced in general practice.

The staff of the State Insurance Office is appointed by the Commissioners, and it may consist of such officers, inspectors, referees, clerks, &c., as, with the approval of the Treasury, the Commissioners think necessary.

The Insurance Commissioners must appoint an Advisory Committee to advise and assist them in the making of regulations necessary to the working of the Act. This Advisory Committee must consist of representatives of Employers' Associations and of the Approved Societies, of doctors, and of such other persons as may be deemed helpful, of whom two must be women.

Control of the National Health Insurance Fund (Section 54).

All the moneys paid by employers and employed will reach the Insurance Commissioners through the Post Office, and the Treasury will pay over to them the moneys provided by Parliament. The National Health Insurance Fund thus fed will be under the control and management of the Insurance Commissioners, who will pay out of it to the Approved Societies and Insurance Committees the sums needed

to meet benefits. It will be remembered that the Approved Society or Insurance Committee, through the Insurance Cards of their members, show with what contributions they are to be credited, and, of course, the total value of the stamps on the cards corresponds with the sums handed to the Insurance Commissioners by the Postmaster-General in respect of the sale of Insurance stamps.

The Insurance Commissioners must hand over to the Approved Societies for investment, if required by them to do so, the contributions of their own members (the fourpences and threepences). Surplus funds are to be carried by the Insurance Commissioners to an Investment Account, and paid over to the National Debt Commissioners for suitable investment. It is provided that in investing such funds the Commissioners are to give preference to loans raised for the purposes of the Housing Acts.

Powers and Duties of the Insurance Commissioners.

It is unnecessary here to rehearse the various powers and duties of the Insurance Commissioners, which are described and explained elsewhere in these pages in their proper connection. To do so would be merely to make an index of functions which will be found in its proper place in the general index at the end of this volume. Generally they have power to make regulations where prescribed by the Act, but they must place any regulations they make before Parliament, and such regulations may be annulled by Order in Council upon an address presented to the Crown by either House of Parliament within 21 days of the regulation being laid.

A special power to remove difficulties that may arise in bringing the Health Insurance into operation is given (Section 78), but is to cease on January 1, 1914. Any modification thus made must have the consent of the Treasury.

Where the Commissioners have power to make Special Orders, the Order must be laid before Parliament for not less than 30 days, and becomes null and void if either House of Parliament presents an Address to His Majesty against it during that period (Section 113).

Separate Commissioners for England, Wales, Scotland, and Ireland.

Each of the three Kingdoms and Wales is treated as a separate entity for the purposes of the National Health Insurance, and each is provided with a separate Board of Commissioners, with separate staffs.

Thus a separate Insurance Fund and State Office is formed for each division of the United Kingdom.

It is provided by Section 83, however, that there is to be a Joint

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Committee of the four Boards of Insurance Commissioners. This Committee will consist of members of each of the four Boards, together with a Chairman, and other members not exceeding two, to be appointed by the Treasury.

The Chairman of this Joint Committee is not by reason of his office to be incapable of being a Member of Parliament. This provision is framed in order that the Commissioners may through the Joint Committee have a spokesman in Parliament authorized to answer questions on the subject of the Health Insurance.

CHAPTER XVIII

THE SPECIAL TREATMENT OF CERTAIN GROUPS

Provisions as to Certain Special Classes of the Insured (*Sections 44 to 53*).

IN framing a Health Insurance system to apply to over fourteen million persons it is necessary to apply special provisions to the peculiar circumstances of certain groups of the Insured. The provisions made under the Act with regard to some classes have already been described :—

Married women, Chapter XVI.

Persons guaranteed maintenance in sickness by their employers, Chapter VIII.

Persons aged 65 to 69 not included under the general Insurance provision, Chapter VIII.

Seasonal trades, Chapter VIII.

Inmates of charitable homes, Chapter VII.

It remains to explain what is provided with regard to

- (1) The Army and Navy.
- (2) Teachers.
- (3) Other persons under the service of the Crown.
- (4) The Mercantile Marine.
- (5) Aliens.

The Army and Navy.

The case of the Army and Navy stands as follows : We have a very large body of men taken out of civil employment for a certain number of years, and then restored to industrial or commercial life. They enter the Services when young and for the most part uninsured. It would obviously be unfair not to make a scheme whereby these men may, on leaving the Services, find themselves at least as well off in respect of insurance as those who have not served. We have, at the same time, to rid ourselves of the reproach that we turn a considerable

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proportion of men out of the Services impaired in health and unprovided for. There are, unfortunately, thousands of such cases, and they constitute a national scandal.

The dimensions of the problem will be seen from the following table, which gives the estimated numbers of seamen and marines and soldiers on January 1, 1911, at certain groups of ages (Messrs. Hardy and Wyatt's estimate) :—

ESTIMATED NUMBERS OF SEAMEN AND MARINES AND SOLDIERS
AT JANUARY 1, 1911.

Ages.	Seamen and Marines.	Soldiers.	Total.
16-20	15,753	31,086	46,839
20-25	37,783	116,479	154,262
25-30	37,886	52,553	90,439
30-35	16,593	21,477	38,070
35-40	13,068	12,503	25,571
40-45	2,870	2,097	4,967
45-50	421	252	673
50-55	13	49	62
55-60	7	—	7
60-65	—	—	—
65-70	—	—	—
All ages ...	124,394	236,496	360,890

We realize from this that we are dealing for the most part with young men, and very young men. The average term of enlistment in the Army is only about $7\frac{1}{2}$ years even when account is taken of the extension of the term after enlistment. With regard to the Navy, the average period of enlistment is longer—about 12 years.

The provisions made by Section 46 are as follows :—

The employed rate, normally 7d. for a man, is reduced to 3d., and of this 3d., $1\frac{1}{2}$ d. is paid by the soldier or sailor, and $1\frac{1}{2}$ d. by his employers—the Army Council or the Admiralty. The State will contribute exactly as in the case of a civilian in respect of whom 7d. weekly is being paid—*i.e.*, it will pay two-ninths of the ordinary benefits which would have been paid on account of the men if they were normal members of Approved Societies.

Within six months of the beginning of the Act the soldier or sailor is to have the option to join any Approved Society, and if he does so his contributions will go to that Society in order to accumulate a proper insurance reserve necessary to put him on an equal footing

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with other civilians when he leaves the Service for private life. In the meantime, if he is married, his wife receives Maternity Benefit. Needless to say, he is already provided for in respect of doctoring and maintenance in sickness whilst in the Services, and that, of course, is why it is possible to reduce the total contributions in respect of him from 7d. to 3d.

If the soldier or sailor does not exercise this option of joining a Society, the 3d. contribution will be paid into a special Navy and Army Insurance Fund, on the books of which he will remain until he obtains his discharge. A proper reserve will thus accumulate for him, so that when he leaves the Service and passes into other employment, he can become a member of an Approved Society at the ordinary flat rate of 4d. as though he were a boy of 16, and his reserve will be paid over to the Society he chooses accordingly.

At the beginning of the Act, every soldier and sailor brought into this special scheme will be credited with a proper insurance reserve (see Chapter XX. on Finance) precisely in the same way as though he were a member of an Approved Society.

As I have already pointed out, the greater number of soldiers and sailors serving are not Friendly Society members. With regard to the small proportion already insured, they can have their contributions credited to their Societies—if they become Approved Societies—in order that they may be entitled to full benefits upon their discharge from the Service, whatever the state of their health. In such a case, the proper reserve value for age will be granted to the man's Society.

It should also be explained that if men while serving contract tuberculosis, they will be given Sanatorium Benefit, and the cost of the treatment will be borne, not by the special Navy and Army Insurance Fund, but by the Army and Navy Votes.

With regard to the deduction ordinarily made from contributions (see Chapter XX. on Finance) during a period of about eighteen years, in order to wipe out the preliminary burden of the age factor, in the case of soldiers and sailors the deduction will be 1d. instead of 1½d.; the remaining $\frac{1}{2}$ d. being found by the Navy and Army Insurance Fund.

It remains to deal with the case of a man who leaves either of the Services in invalidity and who is, therefore, unable to follow any employment. It will be seen that if special provision were not made he would have to become a Deposit Contributor; it is accordingly provided that such a man is to receive what is really a permanent invalidity pension on discharge. He will receive from the Fund 10s. a week for 13 weeks and 5s. a week thereafter as long as may be necessary; and that this may be relied upon, the solvency of the Fund will be guaranteed out of the Army and Navy Votes.

Teachers and Crown Employees (Section 52).

With regard to teachers, when an Insured Person who has been employed in a public elementary school becomes a teacher to whom the Elementary School Teachers Superannuation Act (1898) applies, special provision is made by Section 52 for a transference of the value of the contributions to his credit in the Deferred Annuity Fund, in order that he may not lose the benefit of his thrift.

With regard to other persons employed by the Crown, their position is the same as though they were in private employ, and the Crown is considered as their employer for the purpose of contributions. If a person is employed in the private service of the Crown, then the head of the department of the Royal Household in which he is employed is deemed to be his employer for the purpose of the Act.

The provisions with regard to the modified insurance, where the employer guarantees to maintain in sickness, apply, with certain alterations, to the case of Crown employees.

The Mercantile Marine (Section 48).

With regard to the Mercantile Marine, Section 48 of the Act provides a special scheme in view of the degree of health assurance which the seaman in the foreign trade already enjoys. Under the Merchant Shipping Act of 1906 the shipowner is bound to provide, at his own cost, in every case of hurt or injury or illness, "the expense of providing the necessary surgical and medical advice and attendance and medicine, and also the expense of the maintenance of the master or seaman until he is cured or dies, or is returned to a proper return port, or of his conveyance to the port, and in the case of death, the expense of his burial." Further, the shipowner continues liable to pay to the incapacitated seaman his full wages until his discharge before the proper authorities, either at home or abroad.

It is, obvious, therefore, that the general provisions of the Act are to that extent not required by the seaman.

In the coasting and home trades the normal arrangements hold good, as the legal liability under the Merchant Shipping Acts does not in their case give a sufficient insurance to make modification possible. That is to say, the seaman in the coasting and home trades is a normal Compulsory Contributor.

Returning to the special case of the seaman in the foreign trade, it is found that he is, on the average, away from the United Kingdom for about 42 weeks in the year. During these 42 weeks he is already provided with an efficient health insurance. It is, therefore, necessary to adjust the seaman's contributions, in order to bring up the level of

his health insurance at least to that enjoyed by members of Approved Societies.

With regard to contributions, they are reduced in effect from 7d. to 5d. The shipowner's contribution is reduced from the normal 3d. to 2d.; the seaman pays the normal contribution of 4d., but it is reduced by counting every four contributions as five.

Foreign seamen, Asiatics, Lascars, &c., on British ships are not to have anything deducted from their wages, but, in order that the ship-owner shall not gain by employing them in preference to British seamen, he will have to contribute 2d. as though for a British seaman, and the 2d. will go to swell the Seamen's Insurance Fund for the benefit, of course, of the British seamen employed. What this means for the benefit of the British seaman will be gathered from the following figures relating to employment in the Mercantile Marine:—

SEAMEN EMPLOYED IN THE MERCANTILE MARINE, 1910.

British Seamen	...	...	...	...	...	...	163,303
Foreign Seamen	...	...	...	...	...	...	27,841
Asiatics, Lascars, &c.	...	...	...	...	...	...	43,004
Total	...	...	...	...	...	...	234,148

So it will be seen that the shipowners will be contributing 2d. each in respect of 28,000 foreigners, 43,000 Asiatics, &c., which will all go to benefit British seamen only.

A separate Seamen's Fund is to be established for the administration of this special scheme, and it is to be managed by the Board of Trade, shipowners, and the sailors themselves, with equal representation.

This fund will not only be sufficient to make up the balance of the seaman's insurance, by keeping him insured while he is at home. A surplus must accumulate because of the considerable employer's contribution, and this surplus is to be applied by the Committee of Management in paying additional benefits, chiefly to provide long-service pensions.

The arrangement of many details is left to the Committee of Management, and necessarily the scheme is of a tentative character, because of the particular circumstances of the case. Wide powers have therefore been given to the Joint Committee to vary the arrangements in the best interests of the Mercantile Marine in accordance with the recommendations of the Committee of Management.

When a seaman leaves the profession and become a landsman, he will be able to join an Approved Society, and be furnished with a proper reserve; but if he is unable to join an Approved Society on the ground of health, he is to continue his membership of the Seaman's Fund, and remain in benefit.

Altogether, it is a scheme calculated greatly to improve the attractions of a profession which it seems difficult sufficiently to recruit amongst our own people.

The Case of Aliens.

It is, of course, impossible to exclude aliens from the advantages of the Insurance scheme. If the employers of aliens were excused from contributing in respect of them, the result would be to give preference to their employment. Normal contributions are to be paid in the case of aliens as in the case of British subjects. On the other hand, the State is not to make the ordinary contribution of two-ninths of the cost of benefits in the case of men and one-fourth in the case of women. That being the case, the money benefits—*i.e.*, Sickness, Disablement, and Maternity Benefits—are to be reduced to, for men seven-ninths, and for women three-fourths of the normal benefits as set out on page 103.

Further, the State will not contribute in the case of aliens in respect of Medical and Sanatorium Benefits.

It is, however, provided that this special scheme for aliens is not to apply to any alien who, on May 4, 1911, the date of the introduction of the National Insurance Bill, was a member of a Society which becomes an Approved Society, and who had been at that date resident in the United Kingdom for five years or more. It is also provided that a woman who has lost her British nationality by marrying a foreigner is not to be subject to these special alien provisions if her husband is dead, or if her marriage has been dissolved or annulled, or if she has been separated from, or deserted by, her husband for over two years.

CHAPTER XIX

WALES, SCOTLAND, AND IRELAND

The Insured of the Four Divisions.

A S has been explained in the last chapter, each of the three kingdoms, and Wales also, is treated as a separate entity in the Insurance Act, with a separate National Insurance Fund and a separate Board of Insurance Commissioners. The following table will show how the Compulsorily and Voluntarily Insured Persons, estimated to become members of Approved Societies in 1912, are divided up:—

ENGLAND, WALES, SCOTLAND, AND IRELAND.

Estimated Number of Members of Approved Societies and Estimated Total Population: 1912.

		Compulsorily Insured.	Voluntarily Insured.	Total Insured.	Total Population.
England	...	9,464,000	518,000	9,982,000	36,200,000
Wales	...	577,000	31,000	608,000	
Scotland	...	1,395,000	67,000	1,462,000	4,800,000
Ireland	...	771,000	213,000	984,000	4,400,000
United Kingdom	...	12,207,000	829,000	13,036,000	45,400,000

In the fourth column the estimated population of the four nations in 1912 is given that it may be compared with the estimated membership.

It should be borne in mind that neither the Deposit Contributors nor the Army and Navy are included in the above figures, which should be compared with the total on page 166.

Generally, the Act, as it has been described in the previous chapters,

applies commonly to England, Wales, Scotland and Ireland, and the Boards of Insurance Commissioners in each case enjoy the same powers and fulfil the same duties. It will only be necessary, therefore, in the following sections to state in what particulars the scheme is varied to suit the national divisions of Wales, Scotland, and Ireland.

The Case of Wales (Section 82).

In the case of Wales, there is only one small variation in the scheme as described for England. It is that the Welsh Insurance Commissioners possess for Wales the powers with regard to the provision of sanatoria that are possessed by the Local Government Board in the case of England.

The Case of Scotland (Section 80).

In the case of Scotland, also, the scheme as a whole, as described for England, applies with little variation. The various Scotch Government offices, of course, take the place of the corresponding English offices with regard to the various powers and duties of Government departments under the Act.

The chief special provisions for Scotland are—

(1) The case of thinly populated big areas demands special treatment, and the Scottish Insurance Commissioners are accordingly given power to suspend or modify the benefits administered by the Insurance Committee, to suit local circumstances, Additional Benefits being substituted where it is impossible to give the Minimum Benefits.

(2) An exceedingly important modification is that it is provided that a Scottish County Council may submit to the Insurance Commissioners a scheme for establishing a County Society, and this may be approved by the Commissioners if deemed suitable. This provision can only be put into practice within the first year of the Act's working.

The scheme may provide for (1) representation of the Council on the Society's management, (2) appointment of officers subject to the Council's approval, (3) delegation of powers to Committees, (4) giving security by a charge upon the General Purposes Rate, (5) restriction of membership to Insured Persons in the county who are not members of any other Approved Society, (6) a reduction of benefits below the minimum rates, (7) such other modifications as may seem necessary.

This is an extremely valuable provision, and its working will be watched with very great interest.

The Case of Ireland (Section 81).

In the case of Ireland, the modifications are more important, owing to the special circumstances of the case.

In the first place, the County Council may establish a County Society as has been described in the case of Scotland.

With regard to benefits and contributions, Medical Benefit is ruled out of the Minimum Benefits and added to the Additional Benefits.

Accordingly, the contributions for Ireland are reduced by 1½d. a week for both men and women. That is to say, the joint contribution for a man is 5½d. and for a woman 4½d., and of these sums the employer pays 2½d. while the man pays 3d. and the woman 2d.

IRELAND : CONTRIBUTIONS FOR A MALE WORKER.

(Pence per Week.)

AGE AT ENTRY AND WAGE.	WEEKLY CONTRIBUTION.		
	By Worker.	By Employer.	By State.
If not over 21 years:	Pence.	Pence.	Pence.
All wages	3	2½	—
If over 21 years at entry:			
Wages over 2s. 6d. a day ...	3	2½	—
Wages 2s. Od. to 2s. 6d. a day	2	3½	—
Wages 1s. 6d. to 2s. 0d. ,,	0½	4	1
Wages not over 1s. 6d. ,,	0	4½	1

IRELAND : CONTRIBUTIONS FOR A FEMALE WORKER.

(Pence per Week.)

AGE AT ENTRY AND WAGE.	WEEKLY CONTRIBUTION.		
	By Worker.	By Employer.	By State.
If not over 21 years:	Pence.	Pence.	Pence.
All wages	2	2½	—
If over 21 years at entry:			
Wages over 2s. 6d. a day ...	2	2½	—
Wages 2s. Od. to 2s. 6d. a day	2	2½	—
Wages 1s. 6d. to 2s. 0d. ,,	0½	3	1
Wages not over 1s. 6d. ,,	0	3½	1

Corresponding reductions in the provisions are made in the case of low-paid labourers, with the result that we get the graduated table of contributions shown above.

For the rest, it remains to notice:—

(1) Power to exempt from compulsory insurance an Irish migratory agricultural labourer, in whose case any contributions paid in respect

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of him while working in Great Britain will be paid to the Irish Insurance Commissioners to be dealt with under special regulations made by them. This will be understood when it is remembered that it is a principle of the Act that when an employee is exempted from compulsion, his employer is *not* exempt from paying his share of the normal contribution.

(2) Exclusion from compulsory insurance of an Irish outworker when his wages as outworker are not his principal means of livelihood, and

(3) Variations with regard to the number and the appointment of the members of Irish Insurance Committees.

CHAPTER XX

THE FINANCE OF THE HEALTH INSURANCE

Persons Brought Within the System.

THE actuaries' estimate of the number of persons brought within the scope of the National Health Insurance in 1912 has already been given in some detail in Chapter I., page 75, but it will be useful to repeat the summary figures here :—

PERSONS INSURED IN 1912.

Compulsorily—

Men.—Society Members	...	...	...	...	8,579,000
,, Deposit Contributors	...	...	...	...	638,000
Women.—Society Members...	...	...	...	...	3,628,000
,, Deposit Contributors	...	...	...	...	244,000
					<hr/> 13,089,000

Voluntarily—

Men.—Society Members	...	...	...	...	625,000
Women, ,	...	...	...	...	204,000
					<hr/> 829,000
Total	...	...	...	...	13,918,000

As has been already pointed out, these figures are estimates, based on partly good and partly inadequate information. They must, however, be not far from the truth.

The figures were originally worked for May 1, 1912; at July 15, 1912, they will be very slightly larger. Further, they do not include—

(1) The old persons aged 65 to 69 brought in under the special provision of Section 49 (see page 8). The number of these is uncertain, but it cannot be great.

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(2) The Army and Navy, numbering (January 1, 1911):—

Seamen and Marines	124,394
Soldiers	236,496
			Total	...	...	360,890

The total number of Insured Persons is thus :—

(A) Civilians (Men and Women) aged 16 to 65—

(a) Compulsory	...	...	...	...	...	...	12,207,000
(b) Voluntary...	...	...	...	...	...	...	829,000
							13,036,000

Deposit Contributors (this number is guesswork, but whatever its true size in 1912 it will fall in the future)

882,000

(B) Old Persons (65 to 69) (say)	...	...	...	...	...	...	13,918,000
(C) Army and Navy	...	...	...	...	...	...	50,000
							361,000
			Grand total (say)	...	...	...	14,329,000

If we take the civilians only, the estimated increase in their numbers is thus stated by Messrs. Hardy and Wyatt:—

ESTIMATED INCREASE IN SOCIETY MEMBERS.

(CIVILIANS ONLY.)

	COMPULSORY.		VOLUNTARY.		⁽⁵⁾ TOTAL.
	(1) Men.	(2) Women.	(3) Men.	(4) Women.	
1912	8,579,000	3,628,000	625,000	264,000	13,036,000
1917	9,586,000	4,020,000	620,000	198,000	14,424,000
1922	10,412,000	4,355,000	599,000	196,000	15,562,000
1927	11,211,000	4,687,000	573,000	192,000	16,663,000
1932	11,984,000	5,015,000	540,000	190,000	17,729,000

With regard to Column (4) of this table, however, it should be noted that no estimate has been made of the effect of the provision of Section 44 (see Chapter XVI., page 148) allowing single insured women to remain in insurance voluntarily after marriage. Column (4) in practice will not diminish as in the above table, but grow consider-

ably. It may easily reach seven figures by 1922, through being fed by women passing to it from Column (2). This important fact has been widely misunderstood.

Column (1) also will grow beyond the proportions of the table as men pass into it out of the Army and Navy; while the Army and Navy figures (not included in the table) will vary with the Parliamentary Vote for the Services.

It is also necessary to observe that the actuaries cannot foretell either (1) birth-rate or (2) emigration-rate. If the former should continue to fall and the latter to rise, the above tables would assume a very different aspect. It is a deeply important matter which is here touched on, but I can in this work only suggest the matter to the reader's mind, and proceed. A discussion of the grave issues involved will be found in a paper entitled "The Cradle and the Emigrant Ship," included in my volume of Essays entitled "Things That Matter" (Methuen & Co.).

Sickness Experience in the United Kingdom.

The Act's provision of Money Benefits in sickness necessary called for estimates of sickness experience. Owing to the extraordinary lack of official statistics in such matters—a lack which, in this as in other things, is a real danger to the nation—the official actuaries were compelled to rely upon the experience of our great Friendly Societies.

Fortunately, Mr. A. W. Watson, F.I.A., late actuary of the Manchester Unity of Oddfellows, and now Chief Actuary to the National Health Insurance Joint Committee, published in 1903 an invaluable investigation of the sickness experience of the Manchester Unity for the 5 years, 1893 to 1897. It is shown in Column (4) of the table on p. 169, and by comparison with the other three columns it shows how sickness experience has increased in the United Kingdom in recent years. Column (1) refers to 1866–70, Column (2) to 1871–75, Column (3) to the general official investigations of Friendly Society experience by Mr. William Sutton for 1876–80. Fortunately, there has not been any material change in the Manchester Unity experience since 1897, and the actuaries therefore thought Mr. Watson's figures (Column (4)) might still "probably be regarded as a satisfactory exponent of the average rates of sickness to be expected among the members of the best class of Friendly Societies throughout the country."

Accordingly, they worked on this experience, making necessary adjustments according to the occupations of the mass of men coming under the Act. Making these adjustments, the actuaries arrived at

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SICKNESS EXPERIENCE BASIS OF STATE SCHEME.

ESTIMATED NUMBER OF WEEKS' SICKNESS PER CONTRIBUTOR PER ANNUM.

Age.	Temporary Sickness.		Permanent Sickness. After first 26 Weeks.	All Periods of Sick- ness.	Age.	Temporary Sickness.		Permanent Sickness. After first 26 Weeks.	All Periods of Sick- ness.
	First 13 Weeks.	Second 13 Weeks.				First 13 Weeks.	Second 13 Weeks.		
16	.930	.054	.021	1.005	45	.938	.200	.656	1.794
17	.899	.057	.024	.980	46	.960	.210	.709	1.879
18	.855	.063	.034	.952	47	.985	.222	.772	1.979
19	.807	.069	.048	.924	48	1.012	.237	.847	2.096
					49	1.041	.254	.936	2.231
20	.763	.075	.063	.901					
21	.729	.081	.079	.889					
22	.708	.086	.096	.890	50	1.072	.272	1.040	2.384
23	.699	.088	.113	.900	51	1.104	.289	1.163	2.556
24	.695	.091	.127	.913	52	1.137	.309	1.299	2.745
					53	1.173	.328	1.454	2.955
25	.695	.093	.140	.928	54	1.212	.352	1.621	3.185
26	.696	.094	.151	.941					
27	.697	.096	.161	.954					
28	.701	.098	.169	.968					
29	.706	.101	.178	.985	55	1.255	.378	1.805	3.438
					56	1.299	.408	2.008	3.715
					57	1.345	.441	2.233	4.019
30	.713	.104	.190	1.007	58	1.392	.476	2.489	4.357
31	.722	.107	.204	1.033	59	1.440	.514	2.791	4.745
32	.731	.111	.221	1.063					
33	.740	.115	.240	1.095					
34	.750	.119	.260	1.129					
					60	1.490	.557	3.151	5.198
35	.761	.124	.283	1.168	61	1.545	.602	3.587	5.734
36	.773	.130	.309	1.212	62	1.603	.648	4.109	6.360
37	.788	.135	.339	1.262	63	1.662	.695	4.715	7.072
38	.805	.142	.373	1.320	64	1.721	.743	5.399	7.863
39	.824	.148	.411	1.383					
40	.843	.156	.450	1.449	65	1.778	.792	6.161	8.731
41	.862	.165	.489	1.516	66	1.833	.846	7.006	9.685
42	.881	.173	.528	1.582	67	1.884	.906	7.957	10.747
43	.899	.182	.568	1.649	68	1.926	.970	9.032	11.928
44	.918	.191	.609	1.718	69	1.954	1.032	10.238	13.224

N.B.—The above are Central Rates, i.e., the ratios of the total amount of sickness of each kind at each age to the number of persons alive in the middle of the year of age.

sickness rates about 10 per cent. higher than the general Manchester Unity standard.

But, on the other hand, the Act, it will be remembered (p. 107), takes Workmen's Compensation into account in paying money benefits, and this gives a saving of about 10 per cent. In view of this fact, the actuaries think that the Manchester Unity experience (Column (4) of the table below) may be "safely adopted as the basis

COMPARISON OF RATES OF SICKNESS AS SHOWN BY VARIOUS EXPERIENCES.

MALE LIVES.

AGES.	SICKNESS PER ANNUM PER MEMBER IN WEEKS.			
	(1) Manchester Unity. 1866-70.	(2) Ancient Order of Foresters. 1871-75.	(3) Friendly Societies' Registrar. 1876-80.	(4) Manchester Unity. 1893-97.
16-19 ..	.54	1.04	.88	.92
20-24 ..	.75	.82	.85	.90
25-29 ..	.81	.85	.87	.95
30-34 ..	.93	.97	1.02	1.06
35-39 ..	1.06	1.15	1.24	1.27
40-44 ..	1.26	1.37	1.47	1.58
45-49 ..	1.64	1.71	1.89	1.99
50-54 ..	2.22	2.27	2.39	2.75
55-59 ..	3.05	3.21	3.36	4.02
60-64 ..	4.72	4.59	5.17	6.31
65-69 ..	7.24	7.97	8.73	10.59

for the contributions." The fact that the Act withholds money benefit during the first three days of sickness is regarded as a margin of safety.

Our discussion so far has been of male sickness experience. As to women few data were available, but the actuaries thought they were justified in applying the male experience rule to both sexes alike. The estimated number of weeks' sickness thus *expected and estimated for, for both sexes*, is shown on the table on page 168.

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It should be noted how greatly sickness increases with age, how it assumes serious proportions at about 40, how it gathers strength, or rather weakness, at about 50, and how it leaps upwards after 55.

Sickness Insurance is an insurance against an evil which grows with age ; it is a point very easily forgotten by the young ; it accounts for the fact that so many people neglect to insure themselves against sickness in youth, when illness seems very far away.

The Flat Rate of Contributions.

It is unnecessary to repeat the details as to Benefits set out in Chapter X. (page 103). Suffice it here to remind the reader that the Benefits lie not merely in the actual services and payments made, but—and it is easy to overlook this—in the generous arrangements made

CONTRIBUTIONS AT AGE 16 FOR MINIMUM BENEFITS.

BENEFIT.	IN £ PER ANNUM.		IN PENCE PER WEEK.	
	Men.	Women.	Men.	Women.
(a) Medical	£ .328	£ .328	d. 1·51	d. 1·51
(b) Sanatorium ... ...	.070	.070	.32	.32
(c) Sickness ... ...	.519	.378	2·39	1·74
(d) Disablement ... ...	.170	.175	.78	.81
(e) Maternity ... ...	.143	.039	.66	.17
Total benefits	1·230	.990	5·66	4·55
Cost of administration	.200	.200	.92	.92
Total	1·430	1·190	6·58	5·47

with regard to arrears, and in the fact that contributions are not payable at all in sickness.

So that the actuaries had not only to calculate a rate of contributions sufficient to provide the Minimum Benefits, but to allow for non-receipt of contributions through sickness and unemployment.

Again, the contributions cease at 70, whereas Medical and Sanatorium Benefits are payable throughout life.

The above table takes account of all the things to which I have referred. It shows what rate of contribution is actuarially needed to

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provide the Minimum Benefits AT AGE 16, having regard to all the provisions as to payment of benefits although persons are in arrears, &c.

This means that a boy or girl, entering the State scheme at 16 years of age, gets the following value in the *Minimum Benefits alone* :—

	Actually Pays.			Real Value of Minimum Benefits.
	Per Week.			Per Week.
	d.	d.
Boy of 16	4	6·58
Girl of 16	3	5·47

It will be observed that the male contribution of 6·58d. is 0·42d. less than the 7d. which employer and employed male pay jointly, and that the female contribution 5·47d. is 0·53d. less than the 6d. which employer and employed female pay jointly.

We therefore get :—

MARGIN OF SECURITY RECKONED ON ENTIRE CONTRIBUTION.

	Statutory Contribution.	Actuarial Contribution Necessary.	Margin.	Margin Per Cent.
For a Male	d. 7	d. 6·58	d. 0·42	Per Cent. 6·4
For a Female	6	5·47	0·53	9·7

But this last table does not express the real margin of safety, for two reasons :—

(1) In the first place, for the purposes of safety, in applying the experience of the Manchester Unity to the entire nation, the expense for Sickness Benefit is assumed in the figures quoted to begin on the *first day*, whereas the Benefit is not payable until the *fourth day*.

(2) In the second place, the margin, it will be seen on consideration, is really a margin for the purposes of Sickness and Disablement Benefit. The margin so calculated is shown on p. 172.

Therefore, the working margins on Sickness and Disablement Benefits are as follows :—

For Male Contributors—

13·2 per cent. + Value of 3 First Days' Sickness.

For Female Contributors—

20·7 per cent. + Value of 3 First Days' Sickness.

These are margins which ought to be sufficient to guarantee *more* than the payment of the Minimum Benefits.

THE MARGIN RECKONED ON SICKNESS AND DISABLEMENT BENEFITS ONLY.

		Cost of Sick and Disablement Benefits.	Margin of Contribution.	Margin of Contribution. Per Cent.
For a Male ...	... ...	d. 3·17	d. 0·42	13·2
For a Female	... ...	2·55	0·53	20·7

How Votes against the Act are Secured.

Bearing in mind the considerable business margin which we have just examined, let us turn to the extraordinary campaign of misrepresentation carried on against the Act by the *Daily Mail* and the Insurance Tax Protest League of 2, Tallis Street, London, E.C. The matter on p. 173 is taken from (1) an article published by the *Daily Mail* on January 2, 1912, and (2) a leaflet issued by the Insurance Tax Protest League.

The *Daily Mail* article quoted had a circulation approaching one million copies. The Leaflet quoted has been bought in enormous quantities by Tory associations, and broadcasted over the country. One was left at my own house by a well-dressed woman. At the by-elections of 1912 this leaflet has been used freely.

It will be seen that the electors are told that the Minimum Benefits will be received by "less than half the men and women who are now at work," that to state that the workers are insured for the Minimum Benefits is a "false promise," that "none of those who cannot now obtain a first-class health certificate should hope to get into a strong society," that, in effect, Mr. Lloyd George has lied to the people of the United Kingdom.

And these falsehoods are circulated at great cost, in spite of the fact that the margin provided by the contributions over and above the cost of money benefit is 13·2 per cent. for men and 20·7 per cent. for women, plus the extra margin provided by the value of the first three days during which money benefit is not payable; in spite of the fact that leading Friendly Societies have decided to dispense with medical examinations altogether; in spite of the fact that the successful German State Insurance does not guarantee Sickness Benefit.

Such political methods should not be allowed to remain unrecorded for the instruction of posterity. The historian of the future will find

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much to interest him in the social legislation of the beginning of the twentieth century, and I hope he will take note of the unfortunate possibilities of Tory partisan methods as they existed in the year

From the "Daily Mail" of Jan. 2, 1912.

*From the Insurance Tax Protest League
Leaflet No. 1.*

FALSE PROMISES & HARD FACTS.

1. The "Minimum" Benefits.

Throughout Mr. Lloyd George's speeches and the memoranda issued by the Treasury explaining the Insurance Act, and throughout the Act itself, the listed allowances, e.g., sick pay of 10s. a week for men and 7s. 6d. a week for women, are spoken of as "minimum" benefits.

The impression has thus been created that the Government, while it compels men and women to insure, guarantees that, when sick, they shall receive at least these allowances, provided they pay their contributions.

The further impression has been created that, in most cases, much greater benefits may be expected from the scheme.

The hard facts which must be set against these false promises are:—

1. There are no guaranteed benefits at all.
2. A large proportion of those who are forced to contribute will get much less than the promised insurance.
3. Less than half the men and women who are now at work will get this amount of insurance or anything like it.

FALSE PROMISES & HARD FACTS OF THE INSURANCE ACT.

No. 1. The "Minimum" Benefits.

Mr. Lloyd George has led millions of men to believe that, if insured, they will certainly get 10s. a week sick pay under the Insurance Act.

Millions of women have been told they will get 7s. 6d. a week.

The Act itself speaks of these payments as part of the "minimum" benefits.

These promises are false. The hard facts are:

1. There are no guaranteed benefits at all.
2. A large proportion of those who are forced to contribute will get much less than the promised insurance.

The "minimum" benefits are really "average" or "middle" benefits.

This is made perfectly clear by the actuarial reports, but has been studiously kept in the background by the upholders of the Act.

Some of the insured will get more than the "minimum" benefits; a very great number will get less. Among those who get less than the 10s. a week will be the members of all the weaker societies, in which the benefits fall below the average because they have to take in the less profitable insurers whom the stronger societies reject. None of those who cannot now obtain a first-class health certificate should hope to get into a strong society.

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1912, remembering that in 1912 the Tory party included from 75 per cent. to 90 per cent. of the well-to-do and best "educated" people of the United Kingdom.

Value of Benefits to those over 16.

It is of deep interest to add what the State Benefits are worth to persons over 16 who are brought into insurance as though only 16 at the beginning of the Act's working. The facts on this head are as follows (approximately, the official figures are not yet available) for the ages shown in the following table:—

VALUE OF THE STATE BENEFITS AT VARIOUS AGES.

Age on Entry.	(1)	(2)	(3)
	Actuarial Contribution for Age.	Statutory Payment by Worker under Act.	Column 1 exceeds Column 2 by
MEN.			
16	0 7	4	3
25	0 8	4	4
35	0 9	4	5
45	0 11	4	7
55	1 2	4	10
60	1 3	4	11
WOMEN.			
16	0 6	3	3
25	0 7	3	4
35	0 8	3	5
45	0 9	3	6
55	1 0	3	9
60	1 1	3	10

Even a boy of 16 gets 7d. worth of insurance for a contribution of 4d. His father, who enters at 45 in 1912 gets, as will be seen, an insurance actuarially worth about 11d. for 4d. Examination of the table on p. 75 will show the respective proportions of the persons brought into insurance in 1912 at different ages.

A great deal has been said about "9d. for 4d." The truth is, of course, that 9d. for 4d. very greatly understates the case as it presents itself to an enormous number of wage-earners.

Providing Reserves for those over 16 in 1912 (Section 55).

We next come to the method by which proper Reserves are found in order to bring into insurance those aged over 16 in 1912, as though they were all aged 16.

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Generally, but not directly, the thing is done by a Government subsidy. Directly, fractions are taken for the purpose from each contribution paid during the first 18 years or so, and the Government's subsidy to the scheme takes the form of providing two-ninths of the cost of all the Benefits paid out plus cost of local administration. (Central administration, be it remembered, is not a charge on the National Health Insurance Fund at all, but is borne entirely by the Treasury). It follows that, as soon as the 18 years elapse, the fractions of contributions are no longer deducted, but set free for more Benefits, while the Government subsidy remains.

But let us examine the thing in detail.

By the definition of age under the Act a person is 16 until his seventeenth birthday. For every Insured Person of the age of 17 and upwards joining the scheme in 1912, a reserve of proper dimensions is

RESERVES TO BE CREDITED TO MALE PERSONS OVER 16,
BECOMING INSURED PERSONS IN 1912, IN ORDER TO
BRING THEM INTO INSURANCE AS THOUGH ONLY 16.

Age on Entry in 1912.	Reserve Credited.		
	£	s.	d.
16	—	—	—
25	3	0	0
30	4	15	0
40	8	10	0
50	11	0	0
60	12	0	0

granted. It is placed to the credit of the Approved Society which he joins, and carries interest at the rate of 3 per cent. per annum. The Insurance Commissioners, that is, credit the Approved Society with the necessary reserve, but not in cash. There is no need to supply cash, since all the sum is not needed at once by the Insured Person. It is only necessary to give the credit, and to provide for its being duly met as the funds are needed.

The reserves necessary for the purpose are shown (roughly, the official figures are not yet available) for certain ages in the above table.

Now let us remind ourselves of the ages of the people who are brought into insurance in 1912. They are as shown on p. 176.

It will at once be seen that to provide so many people with reserves of such character as is shown in the following table is a financial undertaking of considerable magnitude.

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We see that the great majority of some 13,400,000 Insured Persons, including the Army and Navy, have to be provided with reserves, and

AGES OF PERSONS TO BE PROVIDED WITH RESERVES IN 1912.

AGES.	COMPULSORY AND VOLUNTARY CONTRIBUTORS.		
	Men.	Women.	Total.
16-20	1,221,000	924,000	2,145,000
20-25	1,395,000	899,000	2,294,000
25-30	1,287,000	545,000	1,832,000
30-35	1,204,000	378,000	1,582,000
35-40	1,091,000	294,000	1,385,000
40-45	957,000	244,000	1,201,000
45-50	750,000	190,000	940,000
50-55	584,000	156,000	740,000
55-60	426,000	116,700	542,700
60-65	289,000	85,300	374,300
Add Navy and Army ...	9,204,000 361,000	3,832,000 —	13,036,000 361,000
Grand Total	9,565,000	3,832,000	13,397,000

the actuaries give us the following computation of the estimated initial reserve values:—

ESTIMATED AGGREGATE INITIAL RESERVE VALUES.

	Men.	Women.	Both Sexes.
England	36,700,000	13,678,900	50,378,900
Wales	2,801,000	780,200	3,081,200
Scotland	5,217,000	1,877,200	7,094,200
Ireland	3,289,000	1,594,600	4,882,600
Navy and Army ...	47,506,000 1,206,000	17,930,900 —	65,436,900 1,206,000
Totals	£48,712,000	£17,930,900	£66,642,900

As much as nearly £67,000,000 is needed to equalize the age factor at the initiation of the National Health Insurance.

This sum is liquidated over a period of about 18 years by

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fractional levies upon each contribution irrespective of the age of the contributor. Section 55 provides that—

"Out of each weekly contribution paid by or in respect of an Insured Person who is a member of an Approved Society (other than a Voluntary Contributor who entered into insurance within 6 months after the commencement of this Act and at the date of entry was of the age of 45 years or upwards) there shall be retained by the Insurance Commissioners the sum of $1\frac{5}{9}$ d., (or in the case of women, $1\frac{1}{2}$ d.), and the amounts so retained shall, together with any other moneys available for the purpose, be applied" to the discharge of the liabilities of the Insurance Commissioners to the Approved Societies in respect of the Reserve Values.

Thus, by the deduction of $1\frac{5}{9}$ d. from each 7d. contributed in respect of a man, and of $1\frac{1}{2}$ d. from each 6d. contributed in respect of a woman, the burden of the age factor is gradually eliminated. "The estimated number of years required to liquidate the initial deficiencies," say the actuaries, is $18\frac{1}{2}$ years.

As soon as the $18\frac{1}{2}$ years have expired, $1\frac{5}{9}$ d. more of each male contribution and $1\frac{1}{2}$ d. more of each female contribution will be released to command more benefits.

It will be perceived that, as each contributor is subject to the deduction irrespective of his age, the young contribute more than the ageing and old to the liquidation of the burden. Surely this is fair, for the following reasons:—

(1) The young, who pay most towards the liquidation, are the children or grandchildren, in most cases, of the ageing and aged persons who chiefly gain by being made fit for insurance purposes.

(2) In the second place, it will be seen that the burden will be lifted just at the time when those who are now young will be beginning seriously to need benefit. The boy of 16 will in 18 years' time be 34; the young man of 25 will then be 43. The youths and young men of to-day will reap Additional Benefits when they need them.

(3) In the third place, the boy or young man of to-day is getting more than value for his money. The deduction of $1\frac{5}{9}$ d. is not from his own 4d., but from a 7d., 3d. of which is added by his employer. As we have seen, the Minimum Benefits are actually worth over $6\frac{1}{2}$ d. to a boy of 16.

If the joint contribution of 7d. in respect of a male and 6d. in respect of a female stood alone, it is obvious that the Minimum Benefits could not be paid, for 7d. less $1\frac{5}{9}$ d. is $5\frac{4}{9}$ d., and 6d. less $1\frac{1}{2}$ d. is $4\frac{1}{2}$ d.

It is the provision of a share of the cost of all benefits, and of

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administration of benefits, by the State, which enables the flat rate contribution, although diminished by the all-round levy for age, to meet the Minimum Benefits. The State pays two-ninths of the men's benefits and costs and one-fourth of the women's benefits and costs.

That it is why it is broadly true to say that, in the first 18 years of the working of the system, the State's subsidy pays off the burden of the initial age factor. It does not do so directly, but it more than does so indirectly. Indeed, in the first 18 years of the Act's operation, the State contributes about £75,000,000.

Income and Expenditure.

We now come, in conclusion, to the income and expenditure. In the following statement is shown, for the United Kingdom—

ESTIMATED INCOME AND EXPENDITURE, 1912-13 TO 1932-33.

YEAR.	INCOME.			(4) EXPENDITURE on Maximum Benefits and Costs of Administration, &c.
	(1) Contributions of Employers and Employed.	(2) State Subsidy.	(3) Total of (1) & (2).	
£ 1912-13	£ 13,264,600	£ 1,470,200	£ 14,734,800	£ 5,406,000
1913-14	18,029,400	3,852,500	21,881,900	15,088,100
1914-15	18,373,100	4,323,400	22,696,500	17,130,500
1915-16	18,716,900	4,578,500	23,295,400	18,231,600
1916-17	19,056,500	4,705,500	23,762,000	18,779,000
1917-18	19,375,600	4,839,800	24,215,400	19,359,100
1922-23	20,755,300	5,383,400	26,138,700	21,683,700
1927-28	22,106,400	5,811,400	27,917,800	23,510,200
1932-33	23,426,100	6,237,500	29,663,600	25,326,900

(1) The aggregate income from the Employers and Employed in respect of both Compulsory and Voluntary Contributors (members of Approved Societies); Voluntary Contributors, it will be remembered, themselves pay what is normally the Employer's share of the contribution.

(2) The annual charge borne by the State in respect of the State proportion of "Maximum Benefits and Costs." Maximum Benefits are the Minimum Benefits (described in Chapter X.) as increased by whatever surpluses arise, and express the full value which the contributors receive.

(3) Total of (1) and (2), i.e., total income of the Insurance Funds.

(4) The Expenditure on Maximum Benefits and costs of their administration.

In the second year of the Act's operations, it is estimated, the expenditure on Benefits and cost of their administration will rise to about £15,000,000.

Column (2), State Subsidy, includes the contributions paid by the State in special assistance of low-paid labourers.

The State's Miscellaneous Contributions.

The State's contributions to the National Health Insurance system by no means end with the provision of two-ninths of the men's benefits and one-fourth of the women's benefits. In addition, the State makes the following contributions :—

- (1) The State meets the entire cost of the four Boards of Insurance Commissioners.
- (2) The State grants £1,500,000 (by the Finance Act, 1911) towards the building of the Sanatoria.
- (3) The State contributes 1d. per annum for each employed contributor in respect of Sanatorium Benefit, in addition to the two-ninths of the cost of such benefit.
- (4) The State contributes 1d. per week in respect of all contributors whose wages do not exceed 12s. a week.
- (5) The State may pay a moiety of any extra expenditure by the Insurance Committees on Medical and Sanatorium Benefits.
- (6) The State meets the cost of audit and valuation of Approved Societies (Sections 35, 36).

BOOK I

HEALTH INSURANCE

PART III: THE NATIONAL INSURANCE
ACT (1911) HEALTH SECTION (PART I.
OF THE ACT) WITH EXPLANATORY
NOTES

NATIONAL INSURANCE ACT, 1911.

[1 & 2 Geo. 5. Ch. 55.]

ARRANGEMENT OF SECTIONS

PART I.

NATIONAL HEALTH INSURANCE.

Insured Persons.

Section.

1. Insured persons.
2. Exemptions.

Contributions.

3. Contributions by insured persons, employers, and the Treasury.
4. Rates and rules for contributions by employed contributors and their employers.
5. Rates and rules for contributions by voluntary contributors.
6. Change from voluntary rate to employed rate and vice versa.
7. Power to make regulations for the payment of contributions.

Benefits.

8. Benefits.
9. Reduced rates of benefit in certain cases.
10. Reduced rates of benefits where contributions are in arrear.

Section.

11. Provisions in the case of contributors entitled to compensation or damages.
12. Provisions in the case of contributors who are inmates of hospitals, &c.
13. Power to vary benefits in certain cases.

Administration of Benefits.

14. Administration of benefits by approved societies or the Insurance Committee.
15. Administration of medical benefit.
16. Administration of sanatorium benefit.
17. Power to extend sanatorium benefit to dependants.
18. Administration of maternity benefit.
19. Punishment of husband in certain cases of neglect.
20. Reinsurance for the purposes of maternity benefit.
21. Power to subscribe to hospitals, &c.
22. Power of councils of boroughs and districts to contribute to certain expenditure on medical and sanatorium benefits.

Approved Societies.

23. Conditions for the approval of approved societies.
24. Power of societies to undertake business under Part I.
25. Special provisions for employers' provident funds, &c.
26. Security to be given by approved societies.
27. Provisions as to approved societies.
28. Secessions, &c.
29. Withdrawal of approval.

Membership of Approved Societies and Transfer of Members.

30. Admission of insured persons to membership in approved societies.
31. Transfer from one approved society to another.
32. Transfers to foreign and colonial societies.
33. Transfer values of emigrants who remain members of approved societies.
34. Prohibition against double insurance.

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35. Approved societies to keep proper accounts.
36. Valuations of approved societies.
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39. Pooling arrangements in the case of small societies.
40. Special provisions with regard to societies with branches.
41. Power to separate men's and women's funds.

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Section.

- 42. Provisions as to deposit contributors.
- 43. Transfer from approved society to deposit insurance and vice versa.

Provisions as to Special Classes of Insured Persons.

- 44. Special provisions with respect to married women.
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- 46. Special provisions with regard to persons in the naval and military service of the Crown.
- 47. Special provisions where employer liable to pay wages during sickness.
- 48. Special provisions as to the mercantile marine.
- 49. Provisions as to persons over sixty-five at commencement of Act.
- 50. Special provisions as to seasonal trades.
- 51. Special provisions as to inmates of charitable homes, &c.
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- 53. Application to other persons in the service of the Crown.

Financial Provisions.

- 54. National Health Insurance Fund.
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- 59. Appointment of Insurance Committees.
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Excessive Sickness.

- 63. Inquiries into causes of excessive sickness, &c.

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64. Provision of sanatoria, &c.
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 67. Disputes.
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 75. Power for societies to register under Friendly Societies Act, 1896.
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 79. Interpretation.
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PART III.

GENERAL.

(See page 377.)

108. Provisions as to stamps.
109. Outdoor relief.
110. Priority of claims for contributions due by bankrupt employers.
111. Benefits to be inalienable.
112. Powers of inspectors.
113. Procedure for making special orders.
114. Provisions as to birth certificates.
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NATIONAL INSURANCE ACT, 1911.

[1 & 2 Geo. 5. Ch. 55.]

An Act to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness and for Insurance against Unemployment, and for purposes incidental thereto.

[16th December, 1911.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

NATIONAL HEALTH INSURANCE.

INSURED PERSONS.

Section 1.—(1) Subject to the provisions of this Act, all persons of the Insured persons age of sixteen and upwards who are employed within the meaning of this Part of this Act shall be, and any such persons who are not so employed but who possess the qualifications herein-after mentioned may be, insured in manner provided in this Part of this Act, and all persons so insured (in this Act called "insured persons") shall be entitled in the manner and subject to the conditions provided in this Act to the benefits in respect of health insurance and prevention of sickness conferred by this Part of this Act.

(2) The persons employed within the meaning of this Part of this Act (in this Act referred to as "employed contributors") shall include all persons of either sex, whether British subjects or not, who are engaged in any of the employments specified in Part I. of the First Schedule to this Act, not being employments specified in Part II. of that schedule:

Provided that the Insurance Commissioners herein-after constituted may, with the approval of the Treasury, by a special order made in manner herein-after provided, provide for including amongst the persons employed within the meaning of this Part of this Act any persons engaged in any of the excepted employments specified in Part II. of the said schedule either unconditionally or subject to such conditions as may be specified in the order.

(3) The persons not employed within the meaning of this Part of this Act who are entitled to be insured persons include all persons who either—

(a) are engaged in some regular occupation and are wholly or mainly dependent for their livelihood on the earnings derived by them from that occupation; or

(b) have been insured persons for a period of five years or upwards; and the persons possessing such qualifications who become or continue to be insured persons are in this Act referred to as voluntary contributors: Provided always that no person whose total income from all sources exceeds one hundred and sixty pounds a year shall be entitled to be a voluntary contributor unless he has been insured under this Part of this Act for a period of five years or upwards.

(4) Except as herein-after provided, nothing in this section shall require or authorise a person of the age of sixty-five or upwards not previously insured under this Part of this Act to become so insured.

Notes on Section 1.—*This Section (together with the First Schedule, which is printed immediately after these notes) defines the scope of the Act, and terms all persons brought within that scope "Insured Persons."*

"Insured Persons" are either "employed contributors" or "voluntary contributors."

The "employed contributors" are the compulsorily insured, and the compulsion is effected by Section 4, Subsection 2 (which see), which compels employers to pay the statutory contributions and authorizes them to deduct the workers' share from the wages of their employees, and by a penalty clause (Section 69).

The "voluntary contributors" are those who, not being compulsorily employed through deduction from wages, and being eligible under the Act, elect to take advantage of it (see Section 5).

Notes on Employed or Compulsory Contributors.—These include—

(1) All manual workers (see First Schedule, Part II. (g)), whatever their income, and however they are paid, and

(2) All other employed persons whose incomes from all sources do not exceed £160 a year (£3 1s. 6d. a week),

of either sex, over 16 years of age and not over 65 years of age (for case of those aged 65 to 69 see Section 49).

“Outworkers” or “Homeworkers” are specifically included (First Schedule, Part I. (c)), unless exempted by a special order of the Insurance Commissioners.

Those earning less than £160 in any employment are compulsorily insured even though their income is over £160 unless they claim exemption on the ground of (a) having £26 or over independent of personal exertions or (b) being ordinarily or mainly dependent on some other person (Section (2)). The employer is liable to contribute in such cases, however (Section 4 (4)).

In the case of persons employed for no money wage, or appointed by one person and paid by others, the employer will be made responsible for seeing that the person employed is insured.

The class of persons such as cab-drivers or boatmen, who live by “working” a cab or boat for which they pay the employer, will also be included (see First Schedule, Part I. (d)).

Certain employed persons are specifically excepted from compulsory insurance by the First Schedule, Part II. The exceptions, it will be found, are few and unimportant. The compulsory insurance for workers earning not more than £160 is almost universal, covering not only manual workers, but clerks, agents, travellers, shop assistants, domestic servants, &c. Moreover, the Insurance Commissioners have power by regulations to extend the compulsory deduction from wages to classes of employees included in the exceptions named in the First Schedule.

Notes on Voluntary Contributors.—Persons of either sex who are not employed may become “voluntary contributors” if they wholly or mainly earn their living, and if their total income does not exceed £160.

It will be seen, however, by Section 1 (3) that provision is made for cases in which insured persons (either compulsorily or voluntarily insured) may continue in insurance even though their incomes rise above £160. The condition laid down is that they must have been in insurance for 5 years or more. If they have not been for so long insured, their insurance lapses, and their contributions are forfeited to the insurance fund. Observe that the manual employed worker is not touched by this, since he is compulsorily insured whatever his income.

FIRST SCHEDULE.

PART I.

EMPLOYMENTS WITHIN THE MEANING OF PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

- (a) Employment in the United Kingdom under any contract of service or apprenticeship, written or oral, whether expressed or implied, and whether the employed person is paid by the employer or some other

person, and whether under one or more employers, and whether paid by time or by the piece or partly by time and partly by the piece, or otherwise, or, except in the case of a contract of apprenticeship, without any money payment.

(b) Employment under such a contract as aforesaid as master or a member of the crew of any ship registered in the United Kingdom or of any other British ship or vessel of which the owner, or, if there is more than one owner, the managing owner or manager, resides or has his principal place of business in the United Kingdom.

(c) Employment as an outworker (that is to say, a person to whom articles or materials are given out to be made up, cleaned, washed, altered, ornamented, finished, or repaired, or adapted for sale in his own home or on other premises not under the control or management of the person who gave out the articles or materials for the purposes of the trade or business of the last-mentioned person), unless excluded by a special order made by the Insurance Commissioners, and any such order may exclude outworkers engaged in work of any class, or outworkers of any class or description specified in the order, or may defer the commencement of this Act as respects all outworkers, and the person who gave out the articles or materials shall, in relation to the person to whom he gave them out, be deemed to be the employer.

(d) Employment in the United Kingdom in plying for hire with any vehicle or vessel the use of which is obtained from the owner thereof under any contract of bailment (or in Scotland any contract of letting to hire) in consideration of the payment of a fixed sum or a share in the earnings or otherwise, in which case the owner shall, for the purposes of Part I. of this Act, be deemed to be the employer.

FIRST SCHEDULE.

PART II.

EXCEPTIONS.

(a) Employment in the naval or military service of the Crown, including service in Officers' Training Corps, except as otherwise provided in Part I. of this Act.

(b) Employment under the Crown or any local or other public authority where the Insurance Commissioners certify that the terms of the employment are such as to secure provision in respect of sickness and disablement on the whole not less favourable than the corresponding benefits conferred by Part I. of this Act.

(c) Employment as a clerk or other salaried official in the service of a railway or other statutory company, or of a joint committee of two or more such companies, where the Insurance Commissioners certify that the terms of employment, including his rights in such superannuation fund as is herein-after mentioned, are such as to secure provision in respect of sickness and disablement, on the whole, not less favourable than the corresponding

benefits conferred by Part I. of this Act, and the person so employed is entitled to rights in a superannuation fund established by Act of Parliament for the benefit of persons in such employment, or in Ireland is entitled to rights in any such superannuation fund or in any railway superannuation fund which may be approved by the Insurance Commissioners.

(d) Employment as a teacher to whom the Elementary School Teachers Superannuation Act, 1898, or a scheme under section fourteen of the Education (Scotland) Act, 1908, or the National School Teachers (Ireland) Act, 1879, applies, or, in the event of any similar enactment being hereafter passed as respects teachers or any class of teachers (other than teachers in public elementary schools), as a teacher to whom such enactment applies.

(e) Employment as an agent paid by commission or fees or a share in the profits, or partly in one and partly in another such ways, where the person so employed is mainly dependent for his livelihood on his earnings from some other occupation, or where he is ordinarily employed as such agent by more than one employer, and his employment under no one of such employers is that on which he is mainly dependent for his livelihood.

(f) Employment in respect of which no wages or other money payment is made where the employer is the occupier of an agricultural holding and the employed person is employed thereon, or where the person employed is the child of, or is maintained by, the employer.

(g) Employment otherwise than by way of manual labour and at a rate of remuneration exceeding in value one hundred and sixty pounds a year, or in cases where such employment involves part-time service only, at a rate of remuneration which, in the opinion of the Insurance Commissioners, is equivalent to a rate of remuneration exceeding one hundred and sixty pounds a year for whole-time service.

(h) Employment of a casual nature otherwise than for the purposes of the employer's trade or business, and otherwise than for the purposes of any game or recreation where the persons employed are engaged or paid through a club, and in such case the club shall be deemed to be the employer.

(i) Employment of any class which may be specified in a special order as being of such a nature that it is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.

(j) Employment as an outworker where the person so employed is the wife of an insured person and is not wholly or mainly dependent for her livelihood on her earnings in such employment.

(k) Employment as a member of the crew of a fishing vessel where the members of such crew are remunerated by shares in the profits or the gross earnings of the working of such vessel in accordance with any custom or practice prevailing at any port if a special order is made for the purpose by the Insurance Commissioners, and the particular custom or practice prevailing at the port is one to which the order applies.

(l) Employment in the service of the husband or wife of the employed person.

Exemptions.

Section 2.—(1) Where any person employed within the meaning of this Part of this Act proves that he is either—

- (a) in receipt of any pension or income of the annual value of twenty-six pounds or upwards not dependent upon his personal exertions; or
- (b) ordinarily and mainly dependent for his livelihood upon some other person;

he shall be entitled to a certificate exempting him from the liability to become or to continue to be insured under this Part of this Act.

(2) All claims for exemption shall be made to, and certificates of exemption granted by, the Insurance Commissioners in the prescribed manner and subject to the prescribed conditions, and may be so made and granted before, as well as after, the commencement of this Act: Provided that the regulations of the Insurance Commissioners may provide for claims under this section being made to and certificates granted by approved societies and Insurance Committees herein-after constituted.

Notes on Section 2.—*This Section means, for example, that a clerk earning £100 a year, who has an investment bringing him in £30 a year, may claim a certificate of exemption from the Insurance Commissioners.*

Observe that under Section 4 (4) the employer of such an exempted person does not escape contributions, and the Insurance Commissioners are to see that such contributions are equitably dealt with.

CONTRIBUTIONS.

**Contributions
by insured
persons,
employers,
and the
Treasury.**

Section 3.—Except as otherwise provided by this Act, the funds for providing the benefits conferred by this Part of this Act and defraying the expenses of the administration of those benefits shall be derived as to seven-ninths (or, in the case of women, three-fourths) thereof from contributions made by or in respect of the contributors by themselves or their employers, and as to the remaining two-ninths (or, in the case of women, one quarter) thereof from moneys provided by Parliament.

Notes on Section 3.—*Here is the basis of the Act's finance.*

The funds are to be provided by (1) the insured persons or their employers and (2) the State.

Observe the arithmetic of the Section. As to a male contributor seven-ninths are to be provided by employer and employed and two-ninths by the State.

But (see Section 2 and Second Schedule) the employed man and his employer put up 7d. between them.

Of what sum is 7d. seven-ninths? The answer is, of course, 9d. Therefore the State's contribution is 2d. for the 7d. put up by employer and male employee. Similarly it is 2d. for the 6d. put up by employer and woman employee. But see the fuller explanation in Chapter XX.

Section 4.—(1) The contributions payable in respect of employed contributors shall be at the rate specified in Part I. of the Second Schedule to this Act (herein-after referred to as the employed rate), and shall comprise contributions by the contributors and contributions by their employers at the rates specified in that Part of that schedule, and shall be payable at weekly or other prescribed intervals:

Rates and
rules for con-
tributions by
employed
contributors
and their
employers.

Provided that, in the case of an employed contributor of the age of twenty-one or upwards whose remuneration does not include the provision of board and lodging by the employer and the rate of whose remuneration does not exceed two shillings a working day, such part of the contributions payable in respect of him as is specified in the said schedule shall be paid out of moneys provided by Parliament.

(2) The employer shall, in the first instance, pay both the contributions payable by himself (in this Act referred to as the employer's contributions), and also on behalf of the employed contributor the contributions payable by such contributor, and shall be entitled to recover from the contributor by deduction from his wages or otherwise the amount of the contributions so paid by him on behalf of the contributor, in accordance with the rules set out in the Third Schedule to this Act.

(3) Contributions in respect of employed contributors shall cease to be payable on their attaining the age of seventy.

(4) The employer of a person who though employed within the meaning of this Part of this Act is not insured under this Part of the Act by reason either—

- (a) that, not having previously been an insured person, he has become employed within the meaning of this Part of this Act after attaining the age of sixty-five; or
- (b) that he has obtained and still holds a certificate of exemption under this Part of this Act;

shall be liable to pay the like contributions as would have been payable as employer's contributions if such person had been an employed contributor, and such contributions shall be carried to such account and dealt with in such manner as may be prescribed by regulations made by the Insurance Commissioners, and those regulations may provide for applying the sums standing to the credit of the account, or any part thereof, for the benefit of any persons in respect of whom contributions have been so paid, in the event of such persons subsequently becoming employed contributors.

Notes on Section 4.—This Section, together with Schedules 2 and 3 (which are printed immediately after these notes) fix the rates of contribution, and make rules as to the collection of contributions.

The employer (2) is to pay to the State the joint contribution of himself and his employee, and to recoup himself as to his employee's contribution by deducting it from his wages. (See also Schedule 3 (3)).

Contributions are to cease at age 70, because the Act is framed in view of the provisions of the Old Age Pensions Act, which give a statutory right to a pension at 70. It should be observed, however, that

medical and sanatorium and maternity benefits continue after 70; only sickness and disablement benefits cease at that age.

Schedule 2, Part I., which follows these notes, gives the scale of contributions.

By Schedule 3 (5), where a worker has more than one employer in a week, the contribution is to be paid by the first employer engaging him in the week, or according to an equitable arrangement prescribed by the Insurance Commissioners. It ought not to be difficult to settle such cases without reference to the Commissioners, e.g., two families each employing the same gardener for three days a week could sensibly agree to pay 3d. on his behalf on alternate weeks, reducing their individual payments to 1½d. a week.

By Schedule 3 (8), it is important to note, an employer may not deduct his own proper contribution from wages, or "otherwise" recover it from his employee.

It is an offence under Section 69 if the employer fails to pay the proper contribution in respect of any of his employees; the maximum penalty is £10 (Section 69 (2)).

Further, by Section 70 the employee of a defaulting employer has right of action against him in respect of his loss of insurance under the Act.

SECOND SCHEDULE.

RATES OF CONTRIBUTION UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

PART I.

Employed Rate.

In the case of men	...	...	...	7d. a week.
" , women	...	...	...	6d. "

Contributions by Employers and Employed Contributors.

To be paid by the employer	...	...	3d. a week.
" , contributor	...	{ Men, 4d. ,	Women, 3d. ,

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 2s. 6d. a working day, the following shall be the rates of contribution :—

Where the rate of remuneration does not exceed 1s. 6d. a working day—
A week.

To be paid by the employer	...	{ For men, 6d. , women, 5d.
" , out of moneys provided by Parliament	...	1d.

SECTION 4

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Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

		A week.
To be paid by the employer	...	{ For men, 5d. } „ women, 4d.
„ „ contributor	...	... ... 1d.
„ „ out of moneys provided by Parliament	...	1d.

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

To be paid by the employer	...	{ For men, 4d. } „ women, 3d.
„ „ contributor	...	... ... 3d.

THIRD SCHEDULE.

RULES AS TO PAYMENT AND RECOVERY OF CONTRIBUTIONS PAID BY EMPLOYERS ON BEHALF OF EMPLOYED CONTRIBUTORS UNDER PART I. OF THIS ACT RELATING TO HEALTH INSURANCE.

(1) A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed contributor has been employed by an employer: Provided that, where one weekly contribution has been paid in respect of an employed contributor in any such week, no further contribution shall be payable in respect of him in the same week, and that, where no remuneration has been received and no services rendered by an employed contributor during any such week, or where no services have been rendered by an employed contributor during any such week and the employed contributor has been in receipt of sickness or disablement benefit during the whole or any part of that week, the employer shall not be liable to pay any contribution either on his own behalf or on behalf of the contributor in respect of that week.

(2) The employer shall, except as herein-after provided, be entitled to recover from the employed contributor the amount of any contributions paid by him on behalf of the employed contributor.

(3) Except where the employed contributor does not receive any wages or other pecuniary remuneration from the employer, the amounts so recoverable shall, notwithstanding the provisions of any Act or any contract to the contrary, be recoverable by means of deductions from the wages or other remuneration, and not otherwise; but no such deductions may be made from any wages or remuneration other than such as are paid in respect of the period or part of the period in respect of which the contribution is payable, or in excess of the sum which represents the amount of the contributions for the period (if such period is longer than a week) in respect of which the wages or other remuneration are paid.

(4) Where a contribution paid by the employer on behalf of an employed contributor is recoverable from the contributor but is not recoverable by means of deductions as aforesaid, it shall, without prejudice to any other

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means of recovery) be recoverable summarily as a civil debt, but no such contribution shall be recoverable unless proceedings for the purpose are instituted within three months from the date when the contribution was payable.

(5) Where the contributor is employed by more than one employer in any calendar week, the first person employing him in that week or such other employer or employers as may be prescribed shall be deemed to be the employer for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this schedule.

(6) Regulations of the Insurance Commissioners may provide that in any cases or any classes of cases where employed contributors work under the general control and management of some person other than their immediate employer, such as the owner, agent, or manager of a mine or quarry, or the occupier of a factory or workshop, such person shall, for the purposes of the provisions of Part I. of this Act relating to the payment of contributions and of this schedule, be treated as the employer, and may provide for allowing him to deduct the amount of any contributions (other than employer's contributions) which he may become liable to pay from any sums payable by him to the immediate employer, and for enabling the immediate employer to recover from the employed contributors the like sums and in the like manner as if he were liable to pay the contributions.

(7) Where the contributor is not paid wages or other money payments by his employer or any other person, the employer shall be liable to pay the contributions payable both by himself and the contributor, and shall not be entitled to recover any part thereof from the contributor.

(8) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or otherwise to recover from the contributor the employer's contribution.

(9) Any sum deducted by any employer from wages or other remuneration under this schedule shall be deemed to have been entrusted to him for the purpose of paying the contribution in respect of which it was deducted.

(10) The Insurance Commissioners may, by regulations, provide that in the case of outworkers the contributions to be paid may be determined by reference to the work actually done, instead of by reference to the weeks in which work is done, and any such regulations may apply to all trades or to any specified classes or branches of trades, and may determine the conditions to be complied with by employers who adopt such a system of payment of contributions.

(11) For the purpose of this schedule the expression "calendar week" means the period from midnight on one Sunday to midnight on the following Sunday.

Rates and
rules for
contributions
by voluntary
contributors.

Section 5.—(1) The contributions payable by voluntary contributors shall be at the rate appropriate to their age at the date of their entry into insurance ascertained in accordance with a table to be prepared by the

Insurance Commissioners (herein-after referred to as the voluntary rate) and shall be paid by the voluntary contributors at weekly or other prescribed intervals:

Provided that—

- (a) In the case of a person who enters into insurance within six months after the commencement of this Act, the voluntary rate shall, if he is below the age of forty-five at the date of entering into insurance, be the same as the employed rate, and, if he is of the age of forty-five or upwards, be such rate, ascertained according to a table to be prepared by the Insurance Commissioners, as, having regard to his age at that date, will be sufficient to cover seven-ninths, or, in the case of a woman, three-fourths, of the benefits conferred by this Part of this Act;
 - (b) Where a person, having been an employed contributor for five years or upwards, becomes a voluntary contributor, the rate of contribution payable by him shall continue to be the employed rate.
- (2) Contributions by voluntary contributors shall cease to be payable on their attaining the age of seventy.

Notes on Section 5.—Voluntary contributors have, of course, no employer to contribute on their behalf, and they have therefore to pay 7d. for a man and 6d. for a woman, instead of the 4d. and 3d. of a compulsory or employed contributor.

The flat rate of 7d. or 6d. is only to be enjoyed by voluntary contributors who are under forty-five years of age on entering insurance, and who join the scheme within six months after the beginning of the Act (July 15, 1912, but see Section 115).

If they are over 45, or if, being under 45, they neglect to join within six months, they will have to pay on a proper actuarial scale, rising with age, which is to be prepared by the Insurance Commissioners. That scale is shown roughly on page 174. If the deplorable attacks on the Act prevent eligible persons from applying for membership within the six months, some politicians will have a good deal to answer for.

Section 6.—(1) Where an insured person has become a member of an approved society as a voluntary contributor, the rate of contributions payable in respect of him shall, notwithstanding that he becomes employed within the meaning of this Part of this Act, remain the voluntary rate, unless at any time after becoming so employed he gives notice in the prescribed manner of his wish to be transferred to the employed rate.

Change from
voluntary
rate to em-
ployed rate
and vice
versa.

(2) Where he gives such notice, the rate payable in respect of him shall be the employed rate, but in such case the rate of sickness benefit payable in respect of him shall be such reduced rate as would have been payable had he not previously been insured, subject to such addition as may, according to tables prepared by the Insurance Commissioners, represent the value at that time of the contributions previously paid by him.

(3) Where he does not give such notice, and until he does so, the contributions payable by his employer in respect of him during any period of employment within the meaning of this Part of this Act shall be the same as if he had been transferred to the employed rate, and the contributions so paid by the employer shall be treated as in part satisfaction of the contributions at the voluntary rate payable by the contributor, and, if the contributor fails to pay the balance, he shall be deemed to be in arrear to that extent.

(4) Where an employed contributor within five years from his entry into insurance ceases to be employed within the meaning of this Part of this Act and becomes a voluntary contributor, he shall be deemed to be in arrear, as from the date when he so became a voluntary contributor, to the amount of the difference between the aggregate contributions paid by or in respect of him since his entry into insurance and the aggregate of the contributions which would have been payable by him had he throughout been a voluntary contributor, and the difference between any reserve value which is credited to the approved society of which he is a member in respect of him and the reserve value (if any) which would have been credited to that Society in respect of him had he originally become a voluntary contributor shall be cancelled.

Notes on Section 6.—*This Section makes obviously necessary provisions for employed insured persons who cease to be employed, and for voluntarily insured persons who become compulsorily insured by becoming employed.*

Change from "Voluntary" to "Employed."

A voluntary contributor on being employed may give notice of his desire to pay the employed rate and shall have the right to pay that rate, but he will only be entitled to a reduced rate of benefit (not less than 5s., see Section 9 (4)) to be calculated by the Insurance Commissioners, with due allowance for the reserve which he has accumulated while a voluntary contributor.

Alternatively he may choose to go on paying his old voluntary rate, in which case his employer will have to contribute 3d. and no more towards it.

Change from "Employed" to "Voluntary."

If an employed contributor passes out of employment within five years and desires to become a voluntary contributor he may do so, but he is then deemed to be in arrear for the difference between what he would have paid as a voluntary contributor and what he has actually paid as an employed contributor, and his reserve is also adjusted.

The case as it affects an employed contributor who has been over five years insured is covered by Section 5 (1) (b), which provides that such an insured person may become a voluntary subscriber and continue to pay his old employed rate.

It will be seen that an employed contributor who becomes a voluntary contributor continues to enjoy the advantage of his old rate only if he has

been an employed contributor for five years or more. Moreover, he comes under the actuarial scale, which rises with age.

Section 7.—Subject to the provisions of this Act, the Insurance Commissioners may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

Power to
make regu-
lations for
the payment
of contribu-
tions.

- (a) payment of contributions whether by means of adhesive or other stamps affixed to or impressed upon books or cards, or otherwise, and regulating the manner, times, and conditions in, at, and under which such stamps are to be affixed or impressed or payments are otherwise to be made;
- (b) the entry in or upon books or cards of particulars of contributions paid and benefits distributed in the case of the insured persons to whom such books or cards belong;
- (c) the issue sale custody production and delivery up of books or cards and the replacement of books or cards which have been lost destroyed or defaced.

Notes on Section 7.—This Section authorizes the Insurance Commissioners to make common-sense arrangements with respect to the details of the collection of contributions. The general character of the scheme is described in Chapter IX.

BENEFITS.

Section 8.—(1) Subject to the provisions of this Act, the benefits **Benefits.** conferred by this Part of this Act upon insured persons are—

- (a) Medical treatment and attendance, including the provision of proper and sufficient medicines, and such medical and surgical appliances as may be prescribed by regulations to be made by the Insurance Commissioners (in this Act called "medical benefit");
- (b) Treatment in sanatoria or other institutions or otherwise when suffering from tuberculosis, or such other diseases as the Local Government Board with the approval of the Treasury may appoint (in this Act called "sanatorium benefit");
- (c) Periodical payments whilst rendered incapable of work by some specific disease or by bodily or mental disablement, of which notice has been given, commencing from the fourth day after being so rendered incapable of work, and continuing for a period not exceeding twenty-six weeks (in this Act called "sickness benefit");
- (d) In the case of the disease or disablement continuing after the determination of sickness benefit, periodical payments so long as so rendered incapable of work by the disease or disablement (in this Act called "disablement benefit");
- (e) Payment in the case of the confinement of the wife or, where the child is a posthumous child, of the widow of an insured person, or of any other woman who is an insured person, of a sum of thirty shillings (in this Act called "maternity benefit");

(f) In the case of persons entitled under this Part of this Act to any of the further benefits mentioned in Part II. of the Fourth Schedule to this Act (in this Act called "additional benefits") such of those benefits as they may be entitled to.

(2) Subject to the provisions of this Part of this Act, the rates of sickness benefit and disablement benefit to which insured persons are entitled shall be the rates specified in Part I. of the Fourth Schedule to this Act.

(3) In the case of insured persons who have attained the age of seventy, the right to sickness benefit and disablement benefit shall cease.

(4) No insured person shall be entitled to any benefit during any period when he is resident either temporarily or permanently outside the United Kingdom:

Provided that, if a person is temporarily resident in the Isle of Man or the Channel Islands, he shall not, whilst so resident, be disentitled to benefits other than medical benefit, and that, if with the consent of the society or committee by which the benefit is administered a person is temporarily resident outside the United Kingdom elsewhere than in the Isle of Man or the Channel Islands, the society or committee may allow him, whilst so resident, to continue to receive sickness or disablement benefit, and that a person resident out of the United Kingdom shall not be disentitled to maternity benefit in respect of the confinement of his wife, if his wife at the time of her confinement is resident in the United Kingdom.

(5) Where an insured person, having been in receipt of sickness benefit, recovers from the disease or disablement in respect of which he receives such benefit, any subsequent disease or disablement, or a recurrence of the same disease or disablement, shall be deemed to be a continuation of the previous disease or disablement, unless in the meanwhile a period of at least twelve months has elapsed, and at least fifty weekly contributions have been paid by or in respect of him.

(6) Where a woman confined of a child is herself an insured person, and is a married woman, or, if the child is a posthumous child, a widow, she shall be entitled to sickness benefit or disablement benefit (as the case may be) in respect of her confinement in addition to the maternity benefit to which she or her husband may be entitled, but, save as aforesaid, a woman shall not be entitled to sickness benefit or disablement benefit for a period of four weeks after her confinement, unless suffering from disease or disablement not connected directly or indirectly with her confinement.

Medical benefit shall not include any right to medical treatment or attendance in respect of a confinement.

(7) Where a pension or superannuation allowance is payable by an approved society in whole or in part as an additional benefit under this Part of this Act, or out of any fund to which contributions have been made in accordance with paragraph (10) of Part II. of the Fourth Schedule to this Act, it may be made a condition of the grant of the pension or allowance that a member of the society shall, whilst in receipt of such pension or allowance, be excluded in whole or in part from his right to sickness benefit and disablement benefit, or to either of such benefits.

(8) Notwithstanding anything in this Part of this Act, no insured person shall be entitled—

- (a) to medical benefit during the first six months after the commencement of this Act;
- (b) to sickness benefit, unless and until twenty-six weeks have elapsed since his entry into insurance, and at least twenty-six weekly contributions have been paid by or in respect of him;
- (c) to disablement benefit, unless and until one hundred and four weeks have elapsed since his entry into insurance, and at least one hundred and four weekly contributions have been paid by or in respect of him;
- (d) to maternity benefit, unless and until twenty-six, or in the case of a voluntary contributor fifty-two weeks have elapsed since his entry into insurance, and at least twenty-six, or in the case of a voluntary contributor fifty-two, weekly contributions have been paid by or in respect of him.

(9) As soon as the sums credited to approved societies as reserve values in respect of persons who enter into insurance within one year after the commencement of this Act have been written off in manner provided by this Part of this Act, the benefits payable to insured persons under this part of this Act shall be extended in such manner as Parliament may determine.

Notes on Section 8.—*This Section, together with Schedule 4, Parts I. and II. (which are printed immediately after these notes) provides for*

- (1) *Minimum Benefits*, Subsection (1) (a), (b), (c), (d) and (e) and
- (2) *Additional Benefits*, Subsection (1) (f).

The contributions (Sections 3, 4 and 5) are so arranged that they are believed to be sufficient under proper management to secure the minimum benefits to the insured, with a considerable margin (plus a further and much larger margin which will arise after the lapse of eighteen years) (Section 55).

The Minimum Benefits are—

- (1) *Free Medical Attendance and Free Medicine.*
- (2) *Sickness Benefit.*
- (3) *Disablement or Invalidity Pension.*
- (4) *Maternity Benefit.*
- (5) *Sanatorium Benefit.*

The long list of "additional" benefits will be found in Schedule 4, Part II.

Medical Benefit.—*The first aim of the measure is to restore the insured worker to health by efficient medical service. To this end the financial provisions of the Act (see Chapter XX.) allow for an expenditure upon doctors and medicine 50 per cent. greater than the present average expenditure of Friendly Societies.*

The insured person becomes eligible for medical benefit six months after the beginning of the Act on July 15, 1912.

It is provided, however, that the Insurance Committee may fix an income limit above which they may require the insured person to provide his own doctoring, the Committee then contributing towards the doctor's bill the sum which the insured person would have cost them if he were below the income limit (Section 15 (3)).

Sickness Benefit.—*The money benefit during sickness will be 10s. a week for men, and 7s. 6d. a week for women, for 26 weeks, from the fourth day of sickness. These rates of benefit are for persons not over 50 years of age on entry. A person is not eligible for sickness benefit unless certified "incapable of work."*

Members over 50 on entry who have made 500 or more contributions will receive the above full-money benefits.

Persons over 50 and under 60 on entry who have not made 500 contributions will receive during the first 26 weeks the reduced money benefit of 7s. for men and 6s. for women; such persons, if over 60 on entry, will receive 6s. for the first 13 weeks and 5s. thereafter. (Section 9.)

Sickness benefit ceases at 70 years of age, when the Old Age Pension becomes payable.

Under the age of 21, boys and girls, if married or with dependants, receive full rate of money benefit. If they are unmarried, or have no dependants, the benefit is: For boys, 6s. for 13 weeks and 5s. after. For girls, 5s. for 13 weeks and 4s. after. (Section 9.)

An insured person becomes eligible for sickness benefit after making 26 contributions.

Sickness benefit is administered by the Approved Societies.

Disablement Benefit.—*If sickness and incapacity for work continue longer than 26 weeks, 5s. a week is paid during the remainder of the sickness, however long it may be.*

It should be noted that the insured member has to contribute for two years before the permanent disablement benefit is available.

The disablement pension ceases at 70.

Disablement Benefit is administered by the Approved Societies.

Maternity Benefit.—*Insured women, married or unmarried, will receive "in confinement" 30s., which may be paid in cash or in kind. Observe that "confinement" is not defined; the presumption is for a wide construction of the term, to include pre-viable delivery.*

The wives of insured men, although not themselves insured under the scheme, will also receive the maternity benefit.

If a woman is as an employed contributor insured, she will receive sickness benefit as well as maternity benefit, which amounts to a double maternity benefit (i.e., £3), whether her husband is insured or not. (Sub-section (6).)

Maternity benefit becomes payable after the insured woman, or the husband of the uninsured woman, has paid contributions for 26 weeks. (For voluntary contributors the waiting period in this respect is 52 weeks.)

The mother has the right to decide whether she will be attended by a doctor or by a properly certified midwife, and she will have free choice of doctor or midwife.

An insured woman receiving maternity benefit has not to pay her contributions while away from work in consequence of her confinement.

Sanatorium Benefit.—Insured persons who contract tuberculosis have the right under this benefit to suitable treatment in sanatoria or otherwise. While they are under treatment the cash benefit, which, if at home, they would ordinarily receive, will be paid to their families.

Section 17 gives the Insurance Committees power to extend this benefit to the wives and other dependants of the insured. If the provision made by the Act does not meet the expenditure they desire to make on this account, the Insurance Committee may transmit to the Local Authority and to the Treasury an account of the extra sum they require, and the Treasury and Local Council may sanction and share between them such extra expenditure (Subsection (3)). Sanatorium benefit continues after age 70. There is no waiting period for this Benefit.

Additional Benefits.—These should be considered both in relation to (1) possible surpluses of Approved Societies, and (2) Subsection 9 of this Section.

(1) The contributions (Section 4) being actuarially calculated to be sufficient to provide a margin (see Chapter XX.) over and above the cost of the minimum benefits, a well-managed Approved Society will be able to grant to its members one or more of the additional benefits named in Schedule 4, Part II.

(2) Section 8 (9) should be read in connection with Section 55, and the notes thereto. From the latter it will be seen that the burden of insuring those over 16 at the beginning of the Act as though they were sixteen is gradually liquidated by fractional deductions from the contributions. In about 18 years the burden will disappear and a large sum will be set free for the payment of benefits. Section 8 (9) provides that when the debt has been written off, benefits shall be extended "in such manner as Parliament may determine," which will presumably be in some of the forms outlined in Schedule 4, Part II.

FOURTH SCHEDULE.

PART I.

Rates of Benefits.

TABLE A.—*Ordinary Rates.*

Sickness benefit : for men, the sum of 10s. a week throughout the whole period of twenty-six weeks; for women, the sum of 7s. 6d. a week throughout the whole period of twenty-six weeks.

Disablement benefit : the sum of 5s. a week for men and women alike.

FOURTH SCHEDULE.

PART II.

Additional Benefits.

- (1) Medical treatment and attendance for any persons dependent upon the labour of a member.
- (2) The payment of the whole or any part of the cost of dental treatment.
- (3) An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them.
- (4) Payment of sickness benefit from the first, second, or third day after the commencement of the disease or disablement.
- (5) The payment of a disablement allowance to members though not totally incapable of work.
- (6) An increase of maternity benefit.
- (7) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.
- (8) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.
- (9) The payment of pensions or superannuation allowances whether by way of addition to old age pensions under the Old Age Pensions Act, 1908, or otherwise.
- (10) The payment, subject to the prescribed conditions, of contributions to superannuation funds in which the members are interested.
- (11) Payments to members who are in want or distress, including the remission of arrears whenever such arrears may have become due.
- (12) Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.
- (13) Payments to members not allowed to attend work on account of infection.
- (14) Repayment of the whole or any part of contributions thereafter payable under Part I. of this Act by members of the society or any class thereof.

Reduced
rates of
benefit in
certain cases.

Section 9.—(1) In the case of insured persons who are under the age of twenty-one years and unmarried, sickness benefit and disablement benefit shall be at the reduced rates specified in Table B in Part I. of the Fourth Schedule to this Act:

Provided that, where any such person being a member of an approved society proves that one or more members of his family are wholly or mainly dependent upon him, the society shall dispense with such reduction.

(2) Where, in the case of any insured persons, the rate of sickness benefit or disablement benefit (as the case may be) exceeds two-thirds of the usual rate of wages or other remuneration earned by such persons, the rate of such benefit may be reduced to such an extent as the society or committee administering the benefit, with the consent of the Insurance Commissioners, determines; but, where such reduction is made, provision shall be made by the society or committee, with the like consent, for the grant of one or more additional benefits of a value equivalent to such reduction.

(3) The rate of sickness benefit shall be reduced in accordance with Table C in Part I. of the Fourth Schedule to this Act in the case of any insured person who becomes an employed contributor within one year after the commencement of this Act, and is at the date of so becoming an employed contributor of the age of fifty years or upwards and the number of weekly contributions paid by or in respect of him is, at the date of any claim by him for such benefit, less than five hundred.

(4) In the case of every person who, not having been previously insured under this Part of this Act, becomes an employed contributor subsequently to the expiration of one year from the commencement of this Act, and is, at the time of so becoming an employed contributor, of the age of seventeen or upwards, the rate of sickness benefit to which he is entitled shall (unless he proves that his time since he attained the age of seventeen has been spent in a school or college, in indentured apprenticeship or otherwise under instruction without wages, or otherwise in the completion of his education, or unless he undertakes himself to pay the difference between the voluntary rate and the employed rate, or pays to the Insurance Commissioners, to be credited to the society, such capital sum as will be sufficient to secure him benefits at the full rate) be such reduced rate as may be fixed in accordance with tables to be prepared by the Insurance Commissioners, but not in any case less than five shillings a week:

Provided that, if at any time subsequently such person would become entitled to sickness benefit at a higher rate if he were treated as having become an employed contributor as from the time when he attained the age of seventeen, or as from the expiration of one year after the commencement of this Act, whichever date may be the later, and as being in arrear for all contributions which, had he become an employed contributor at that date, would have been payable in respect of him between that date and the date when he actually became an employed contributor, he shall, if he so elects, be entitled to be so treated.

Notes on Section 9.—This Section in (1) and (3), together with Schedule 4, Part I. Tables B and C (which are printed immediately after these notes) provides for reduced benefits in the case of minors without dependants and in the case of employed contributors over 50. The provisions will be found incorporated in the Table of Money Benefits set out in Chapter X.

Subsection (2) of this Section is of importance. It provides that where the money benefit exceeds two-thirds of the beneficiary's normal

wages, it may be reduced by the Approved Society (in the case of a normal insured person) or the Insurance Committee (in the case of a Deposit Contributor (Section 42)) which administers the money benefit, with the consent of the Insurance Commissioners. The object is to prevent malingering. In order that the insured should not be damnified, however, the Subsection ends with the proviso that, if the reduction is made, there must be a grant of additional benefits in compensation. I cordially disagree with this Subsection, for obviously it only affects low paid labourers.

FOURTH SCHEDULE.

PART I

Rates of Benefit.

TABLE B.—*Reduced Rates in the case of Unmarried Minors.*

Sickness Benefit—for males, the sum of 6s. a week during the first thirteen weeks and the sum of 5s. a week during the second thirteen weeks.
for females, the sum of 5s. a week for the first thirteen weeks and the sum of 4s. a week for the second thirteen weeks.

Disablement Benefit—for females, the sum of 4s. a week.

TABLE C.—*Reduced Rates for Persons over Fifty in certain cases.*

Where the insured person is over 50 and under 60 at the time of becoming an employed contributor—

For men, the sum of 7s. a week throughout the whole period of twenty-six weeks.

For women, the sum of 6s. a week throughout the whole period of twenty-six weeks.

Where the insured person is over 60 at the time of becoming an employed contributor—

For both men and women, the sum of 6s. a week for the first thirteen weeks, and 5s. a week during the second thirteen weeks.

Reduced
rates of
benefits
where con-
tributions
are in arrear.

Section 10.—(1) Where an insured person being a member of an approved society is in arrears to an amount greater than thirteen weekly contributions a year on the average since his entry into insurance, his right to benefits under this Part of this Act other than medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and, where he is in arrears to an amount greater than twenty-six weekly contributions a year on the average since his entry into insurance, his right to medical benefit, sanatorium benefit, and maternity benefit shall be suspended, and at the expiration of the calendar year next after the date when he becomes suspended from all benefits any sums credited to the society in respect of him, calculated in the prescribed manner, shall, if his right to benefits still continues to be suspended, be carried to such account and dealt with in such manner as may be

prescribed for the benefit (except so far as such sums comprise sums in respect of a reserve value) of the society or any other society to which such person may subsequently be transferred :

Provided that, if at any time after suspension from any such benefits he becomes employed within the meaning of this Part of this Act, he shall be entitled to those benefits at such rate, after the lapse of such time and after the payment of such number of contributions, as would have been applicable to his case had he not previously been an insured person, but, if he so elects at any time, the benefits to which he is entitled shall be such as he would be entitled to, were the period from the time of his original entry into insurance taken as a whole.

(2) Where an employed contributor claiming sickness benefit is at the date of such claim in arrears but the arrears are less than as aforesaid, then the rate of sickness benefit shall be reduced to a sum not less than five shillings a week, or the time when sickness benefit commences deferred, proportionately to the amount of arrears in accordance with the table in the Fifth Schedule to this Act.

(3) Where a voluntary contributor is in arrears, he shall be liable to such proportionate reduction of benefits as may be prescribed.

(4) In calculating arrears of contributions, no account shall be taken of any arrears accruing—

- (a) during any period when the person in question has been, or but for this section or any other provision of this Act disentitling a person to such benefit, would have been, in receipt of sickness benefit or disablement benefit ; or
- (b) in the case of a woman who, being an insured person, is herself entitled to maternity benefit, during two weeks before and four weeks after her delivery, or in the case of maternity benefit payable in respect of the posthumous child of an insured person, during the period subsequent to the father's death ; or
- (c) in the case of an employed contributor, during the first twelve months after the commencement of this Act ;

but, save as aforesaid, contributions shall be deemed to be payable in respect of every week from the date of entry into insurance.

(5) Where an insured person has paid any arrears of contributions payable by or in respect of him which accrued during the calendar year current at the date of payment and the previous calendar year, he shall be treated for the purposes of this section as if the arrears so paid had never become due :

Provided that, if such person is at the date of payment or subsequently within one month thereafter becomes incapable of work by reason of disease or disablement, he shall, for the purposes of this section, be deemed to be still in arrears in respect of the amount so paid until after the expiration of one month from the date of such payment.

(6) Any approved society may, if it thinks fit, excuse any part of the arrears which may have accrued due by or in respect of any member who is an employed contributor during any period of unemployment not exceeding such part as would have been payable by the employer had the member

continued in his last employment, and in such case the amount of the arrears of that member shall be reduced accordingly.

(7) The average amount of arrears for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.

Notes on Section 10.—*This Section is of great importance and should be carefully studied in connection with the general exposition in Chapter X. and the Fifth Schedule, which is printed immediately after these notes.*

While it is, of course, necessary to reduce or suspend benefits if contributions are not paid, the Section and Schedule are framed with the object of tiding insured persons over periods of difficulty and maintaining them in insurance.

To this end it is provided :—

(1) That arrears of an AVERAGE PER ANNUM, since entering into insurance, of three (less than four) contributions, shall not entail any reduction of benefits whatsoever.

(2) That if the insured person is not more than thirteen contributions in arrears (average per annum since entering insurance) he is to be entitled to all benefits, but that money benefit is to be reduced 6d. per week, beginning with the fourth week (3d. per week, beginning with the fourth week, in the case of a woman). Thus in the thirteenth week of arrears either a man or a woman receives 5s., and in the fourteenth money benefit is suspended.

(3) That if the insured person is not more than twenty-six contributions in arrears (average per annum since entering insurance) he is to be entitled to medical, maternity, and sanatorium benefits. In the twenty-seventh week of arrears these, too, are suspended.

(4) Lapse of insurance does not take place until fifty-two weeks after suspension from all benefits, and then his own personal reserve, if any (apart from the reserve value with which the State has credited him on joining (Section 55), is carried to account against his returning into insurance at any time. If he so returns he may elect to be treated as in arrears as from his original insurance.

When Arrears do not Count.—By Subsection (4) arrears do not count—

- (1) When the insured is receiving money benefit under the Act.
- (2) When an insured woman is receiving maternity benefit, during two weeks before and four weeks after her delivery.
- (3) During the first twelve months after the beginning of the Act.

Paying up Arrears.—By Subsection (5) an insured person in arrears may pay up his arrears for the current year and for the year previous, but such payment does not wipe out any reduction of benefit entailed by the arrears until one month after the paying-up of arrears.

Paying the Employer's Share in Unemployment.—By Subsection (6) an Approved Society may excuse its members from paying the employer's

share of the contribution (3d.) during any period of unemployment. Otherwise an unemployed man has to pay 4d. + 3d. = 7d. Presumably any Approved Society can make a permanent rule excusing its members from paying the employer's share while they are unemployed, and it should be observed that the Societies are self-governing (Section 28).

All the foregoing notes refer to the compulsorily insured. Voluntary contributors in arrears come under Subsection (3).

FIFTH SCHEDULE.

REDUCTION OR POSTPONEMENT OF SICKNESS BENEFIT AND WHERE CONTRIBUTIONS ARE IN ARREAR.

TABLE.

(1)

(2)

Where the Arrears amount to	Rates of Sickness Benefit.	
	Men.	Women.
4 contributions a year on average	s. d.	s. d.
5 "	9 6	7 3
6 "	9 0	7 0
7 "	8 6	6 9
8 "	8 0	6 6
9 "	7 6	6 3
10 "	7 0	6 0
11 "	6 6	5 9
12 "	6 0	5 6
13 "	5 6	5 3
	5 0	5 0
5s. Od., commencing 5th day after commencement of illness.		
For both Men and Women.	"	6th "
	"	7th "
	"	8th "
	"	9th "
	"	10th "
	"	11th "
	"	12th "
	"	13th "
	"	14th "
	"	"

Notes.

Where the insured person is, by virtue of any of the provisions of Part I. of this Act, other than those relating to arrears, entitled to sickness benefit at a rate lower than the full rate, this Table shall have effect as if the entries in the first column were so shifted down that the first entry therein was set

opposite the entry in the second column next below the entry specifying the rate of sickness benefit to which the insured person is entitled.

When the rate of sickness benefit during the first thirteen weeks to which the insured person is entitled is, by virtue of any of the provisions of this Act, other than those relating to arrears, less than 5s. a week, this Table shall have effect as if such lower rate were therein substituted for the rate of 5s. a week.

**Provisions in
the case of
contributors
entitled to
compensa-
tion or dam-
ages.**

6 Edw. 7.

c. 58.

43 & 44 Vict.
c. 42.

Section 11.—(1) Where an insured person has received or recovered or is entitled to receive or recover, whether from his employer or any other person, any compensation or damages under the Workmen's Compensation Act, 1906, or any scheme certified thereunder, or under the Employers' Liability Act, 1880, or at common law, in respect of any injury or disease, the following provisions shall apply:—

- (a) No sickness benefit or disablement benefit shall be paid to such person in respect of that injury or disease in any case where any weekly sum or the weekly value of any lump sum paid or payable by way of compensation or damages is equal to or greater than the benefit otherwise payable to such person, and, where any such weekly sum or the weekly value of any such lump sum is less than the benefit in question, such part only of the benefit shall be paid as, together with the weekly sum or the weekly value of the lump sum, will be equal to the benefit:
- (b) The weekly value of any such lump sum as aforesaid may be determined by the society or committee by which the sickness and disablement benefits payable to such person are administered, but, if the insured person is aggrieved by such determination, the matter shall be settled in manner provided by this Part of this Act for settling disputes between insured persons and societies or committees:
- (c) Where an agreement is made as to the amount of such compensation as aforesaid, and the amount so agreed is less than ten shillings a week, or as to the redemption of a weekly payment by a lump sum, under the Workmen's Compensation Act, 1906, the employer shall, within three days thereafter, or such longer time as may be prescribed, send to the Insurance Commissioners, or to the society or committee concerned, notice in writing of such agreement giving the prescribed particulars thereof, and proviso (d) to paragraph (9) of the Second Schedule of the Workmen's Compensation Act, 1906 (which relates to the powers of registrars of county courts to refuse to record memoranda of agreements and to refer the matter to the judge) shall, in cases where the workman is an insured person, apply to agreements as to the amount of compensation in like manner as to agreements as to the redemption of weekly payments by lump sums.

- (2) Where an insured person appears to be entitled to any such compensation or damages as aforesaid and unreasonably refuses or neglects to

take proceedings to enforce his claim, it shall be lawful for the society or committee concerned, either—

- (a) at its own expense, to take in the name and on behalf of such person such proceedings, in which case any compensation or damages recovered shall be held by the society or committee as trustee for the insured person ; or
- (b) to withhold payment of any benefit to which apart from this section such person would be entitled.

In the event of the society or committee concerned taking proceedings as aforesaid and failing in the proceedings, it shall be responsible for the costs of the proceedings as if it were claiming on its own account.

(3) Nothing in this section shall prevent the society or committee paying to an insured person benefit by way of advance pending the settlement of his claim for compensation or damages, and any advance so made shall, without prejudice to any other method of recovery, be recoverable by deductions from or suspension of any benefits which may subsequently become payable to such person.

Notes on Section 11.—*This Section means that money benefit under the Act is not payable in addition to compensation recovered by an insured person under the Workmen's Compensation Act, but is only to supplement it when the accident compensation is less than the money benefit under the Act.*

Subsection (2) provides that an Approved Society may, in case of its member's default, take action on his behalf to secure compensation for him under the Workmen's Compensation Act. Or it may withhold benefit if its member unreasonably neglects to enforce his accident compensation claim.

Section 12.—(1) No payment shall be made on account of sickness disablement or maternity benefit to or in respect of any person during any period when the person to or in respect of whom the benefit is payable is an inmate of any workhouse, hospital, asylum, convalescent home, or infirmary, supported by any public authority or out of any public funds or by a charity, or voluntary subscriptions, or of a sanatorium or similar institution approved under this Part of this Act.

(2) During such period as aforesaid the sum which would otherwise have been payable on account of any such benefit to or in respect of such person—

- (a) shall be paid to or applied in whole or in part for the relief or maintenance of his dependants (if any) in such manner as the society or committee by which the benefit is administered, after consultation whenever possible with such person, thinks fit; or
- (b) if such person, being a member of an approved society, is an inmate of a sanatorium or similar institution in which he is receiving treatment in accordance with the Provisions of this Part of this Act, and has no dependants, shall be paid to the Insurance Committee towards the general purposes thereof; or

Provisions in
the case of
contributors
who are
inmates of
hospitals, &c.

- (c) if such person, being a member of an approved society, is an inmate of a hospital, asylum, convalescent home, or infirmary supported by charity or by voluntary subscriptions and has no dependants, shall, if an agreement for the purpose has been made between the society or committee and the hospital, asylum, convalescent home, or infirmary, be paid, in whole or in part, according to such agreement, towards the maintenance of such person in the hospital, asylum, convalescent home, or infirmary:

Provided that—

- (i) any part of such sum which is not so applied as aforesaid may, if the society or committee thinks fit, be applied in the provision of any surgical appliances required for the insured person or otherwise for his benefit; and
- (ii) if such an inmate as aforesaid is a married woman or widow, and the sums so payable or applicable as aforesaid include the sums which would have been payable both on account of sickness or disablement benefit and on account of maternity benefit, no part of the sum which would otherwise be payable on account of maternity benefit shall be paid or applied for the relief or maintenance of her dependants, but such sum may be paid to the hospital, asylum, convalescent home, or infirmary of which she is an inmate as aforesaid in like manner as if she had no dependants.
- (iii) where any person who is entitled to any benefit under this Part of this Act, or a woman whose husband is entitled to maternity benefit in respect of her confinement, applies for admission to any workhouse infirmary, admission thereto shall not be refused on the ground only of the right to such benefit.

Notes on Section 12.—This Section directs what is to be done with money benefits while an insured person is in a public or charitable hospital, infirmary, or other institution, or in a Sanatorium provided under this Act.

In such cases the money benefit is to be

- (a) Paid to the insured person's dependants, or
- (b) if the person has no dependants and is receiving Sanatorium benefits, it is to be paid to the Insurance Committee who administer the Sanatorium benefit, or,
- (c) if the person has no dependants and is in a hospital or other institution supported by voluntary contributions, the money may be paid, by agreement, towards his maintenance in the institution.

Provided that (i) any sum not applied as aforesaid may be spent on surgical appliances or scheme for the insured person's benefit; (ii) if the inmate is married or a widow entitled both to sickness and maternity benefit, the maternity benefit shall be paid to the institution; and (iii) a woman who is entitled to maternity benefit is not to be refused admission to a workhouse infirmary because of her right to such benefit.

Section 13.—(1) Any approved society may submit to the Insurance Commissioners a scheme for substituting any of the additional benefits for sickness benefit and disablement benefit or either of those benefits or any part thereof, and the scheme may provide as respects the members of the society to whom the scheme applies that any such benefits shall be abolished or the rate thereof reduced or, in the case of sickness benefit, the commencement thereof postponed; and the scheme may contain such incidental and consequential provisions as appear necessary for adapting the other provisions of this Part of this Act to the members to whom the scheme applies.

Power to vary benefits in certain cases.

(2) The scheme shall apply either to all members of the society or to any specified class thereof or to any members of the society who may elect to come under the scheme, according as may be provided by the scheme.

(3) A scheme made under this section shall not have any effect unless and until confirmed by the Insurance Commissioners, and the Insurance Commissioners shall not confirm any such scheme unless satisfied that the value of the additional benefits conferred by the scheme is equivalent to the value of the benefits for which they are substituted, and that, in view of the special circumstances of the members or class of members intended to come under the scheme, there is good reason for substituting the additional benefits conferred by the scheme for the benefits for which they are substituted.

(4) Nothing in this section or in any scheme made thereunder shall affect the amount of any reserve value to be credited to a society in respect of a member, and such reserve values shall be calculated as if the scheme had not been made.

Notes on Section 13.—This Section gives elasticity to the scheme of minimum benefits.

With the consent of the Insurance Commissioners, who are not to consent without "good reason," any of the additional benefits (Schedule 4, Part II.) may be substituted for the sickness or disablement benefits, but not for any other of the minimum benefits.

Thus if a compulsorily insured person is in such circumstances—surely rare—that no need is felt for cash benefit in sickness, advantage can be taken of this Section to contribute instead for, say, an Old Age Pension at an earlier age than 70.

ADMINISTRATION OF BENEFITS.

Section 14.—(1) Sickness benefit, disablement benefit, and maternity benefit shall be administered, in the case of insured persons who are members of an approved society, by and through the society, or a branch thereof, and in other cases by and through the Insurance Committees; medical and sanatorium benefits shall in all cases be administered by and through the Insurance Committees, additional benefits shall be administered by the society or branch of which the persons entitled thereto are

Administration of benefits by approved societies or the Insurance Committee.

members, except where such benefits are in the nature of medical benefits, in which case they shall be administered by and through the Insurance Committees.

(2) Subject to the provisions of this Part of this Act, an approved society may, with the consent of the Insurance Commissioners, provide for the application of its existing rules or make new rules with regard to the manner and time of paying or distributing, and mode of calculating, benefits, suspension of benefits, notices and proof of disease or disablement, behaviour during disease or disablement, and the visiting of sick or disabled persons, and for the infliction and enforcement of penalties (whether by way of fines or suspension of benefits or otherwise) in the case of any member being an insured person who is guilty of any breach of any such rule, or of any imposition or attempted imposition in respect of any benefit under this Part of this Act, and may, from time to time with the like consent, alter or repeal any such rule, but—

- (a) no fine imposed under any such rule shall exceed ten shillings or, in the case of repeated breaches of rules, twenty shillings;
- (b) no such rule shall provide for the suspension of any benefit for a period exceeding one year;
- (c) every such rule relating to the visiting of insured persons by visitors appointed by the society shall provide that women shall not be visited otherwise than by women;
- (d) every such rule relating to behaviour during disease or disablement shall be in the prescribed form;
- (e) no such rule shall prescribe any penalty, nor shall any insured person be subject to any penalty, whether by suspension of benefit or otherwise, on account of the refusal by any such person to submit to a surgical operation, or vaccination, or inoculation of any kind, unless such refusal in the case of a surgical operation of a minor character is considered by the society, or on appeal the Insurance Commissioners, unreasonable;
- (f) No such rule shall provide for inflicting as a penalty for breach of rules or imposition or attempted imposition on the part of an insured person suspension of maternity benefit in respect of the confinement of his wife, where his wife has not herself been guilty of any such breach, imposition, or attempted imposition.

(3) The Insurance Committee shall, subject to the approval of the Insurance Commissioners, make rules in respect of any of the matters mentioned in the last preceding subsection with regard to the administration of benefits by the committee:

Provided that no such rule relating to anything to be done by, to, or through the Post Office shall be made without the consent of the Postmaster-General.

(4) Where, under any such rule as aforesaid, payment of sickness or disablement benefit is suspended on the ground that the disease or disablement has been caused by the misconduct of the person claiming the benefit, such person shall not thereby become disentitled to medical benefit.

(5) Where under any Act regulating the constitution of a society which becomes an approved society the rules of the society are required to be registered, any rules approved under this section by the Insurance Commissioners shall forthwith be registered, but till so registered shall have effect as if they had been duly registered.

Notes on Section 14.—*This Section provides that the various benefits shall be thus administered (for Societies read "Approved Societies" and for Committees read "Insurance Committees").*

<i>Benefit.</i>	<i>For Members of Approved Societies.</i>	<i>For Deposit Contributors. (Section 42).</i>
<i>Medical.</i>	<i>By Committees.</i>	<i>By Committees.</i>
<i>Sickness.</i>	<i>Societies.</i>	<i>Committees.</i>
<i>Disablement.</i>	<i>Societies.</i>	<i>Committees.</i>
<i>Maternity.</i>	<i>Societies.</i>	<i>Committees.</i>
<i>Sanatorium.</i>	<i>Committees.</i>	<i>Committees.</i>
<i>Additional (if Medical).</i>	<i>Committees.</i>	—
<i>Additional (other).</i>	<i>Societies.</i>	—

Subsection (2) provides for the making of rules by Approved Societies. They are to have general freedom in making benefit regulations, "with the consent of the Insurance Commissioners, but specific limitations are set as to fines, suspension, visiting, behaviour, operations, etc.

Insurance Committees are given power to make rules by Subsection (3).

Medical benefit may not be suspended even on account of the insured person's misbehaviour—Subsection (4).

Section 15.—(1) Every Insurance Committee shall, for the purpose of administering medical benefit, make arrangements with duly qualified medical practitioners in accordance with regulations made by the Insurance Commissioners.

Administration of medical benefit.

(2) The regulations made by the Insurance Commissioners shall provide for the arrangements made being subject to the approval of the Insurance Commissioners and being such as to secure that insured persons shall, save as herein-after provided, receive adequate medical attendance and treatment from the medical practitioners with whom arrangements are so made, and shall require the adoption by every Insurance Committee of such system as will secure—

(a) the preparation and publication of lists of medical practitioners who have agreed to attend and treat insured persons whose medical benefit is administered by the committee;

(b) a right on the part of any duly qualified medical practitioner who is desirous of being included in any such list as aforesaid of being

so included, but, where the Insurance Commissioners, after such inquiry as may be prescribed, are satisfied that his continuance in the list would be prejudicial to the efficiency of the medical service of the insured, they may remove his name from the list;

- (c) a right on the part of any insured person of selecting, at such periods as may be prescribed, from the appropriate list the practitioner by whom he wishes to be attended and treated, and, subject to the consent of the practitioner so selected, of being attended and treated by him;
- (d) the distribution amongst, and, so far as practicable, under arrangements made by, the several practitioners whose names are on the lists, of the insured persons who after due notice have failed to make any selection, or who have been refused by the practitioner whom they have selected;
- (e) the provision of medical attendance and treatment, on the same terms as to remuneration as those arranged with respect to insured persons, to members of any friendly society which, or a separate section of which, becomes an approved society who were such members at the date of the passing of this Act, and who are not entitled to medical benefit under this Part of this Act by reason either that they are of the age of sixty-five or upwards at the date of the commencement of this Act, or that being subject to permanent disablement at that date they are not qualified to become insured persons:

Provided that, if the Insurance Commissioners are satisfied after inquiry that the practitioners included in any list are not such as to secure an adequate medical service in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area, and authorize the Committee to make such other arrangements as the Commissioners may approve; or the Commissioners may themselves make such arrangements as they think fit, or may suspend the right to medical benefit in respect of any insured persons in the area for such period as they think fit, and pay to each such person a sum equal to the estimated cost of his medical benefit during that period, and, where the Commissioners take any such action themselves, they shall retain and apply for the purpose such part of the sums payable to the Insurance Committee in respect of medical benefit as may be required.

(3) The regulations made by the Insurance Commissioners shall authorize the Insurance Committee by which medical benefit is administered to require any persons whose income exceeds a limit to be fixed by the Committee, and to allow any other persons, in lieu of receiving medical benefit under such arrangements as aforesaid, to make their own arrangements for receiving medical attendance and treatment (including medicines and appliances), and in such case the Committee shall, subject to the regulations, contribute from the funds out of which medical benefit is payable towards the cost of medical attendance and treatment (including medicines and appliances) for such persons sums not exceeding in the aggregate the amounts which the Committee would otherwise have expended in providing medical benefit for them.

(4) The regulations shall provide that, in the case of persons who are entitled to receive medical attendance and treatment under any system or through any institution existing at the time of the passing of this Act and approved by the Insurance Committee and the Insurance Commissioners, such medical attendance and treatment may be treated as, or as part of, their medical benefit under this Part of this Act, and may provide for the Committee contributing towards the expenses thereof the whole or any part of the sums which would be contributed in the case of persons who have made their own arrangements as aforesaid, so, however, that such regulations shall secure that no person be deprived of his right, if he so elects, of selecting the duly qualified medical practitioner by whom he wishes to be attended and treated, in accordance with the foregoing provisions of this section.

(5) Every such Committee shall also make provision for the supply of proper and sufficient drugs and medicines and prescribed appliances to insured persons in accordance with regulations made by the Insurance Commissioners, which shall provide for the arrangements made being subject to the approval of the Insurance Commissioners and being such as to enable insured persons to obtain from any persons, firms or bodies corporate with whom arrangements have been made such drugs, medicines, and appliances if ordered by the medical practitioner by whom they are attended, and shall require the adoption by every Insurance Committee of such a system as will secure—

- (a) The preparation and publication of lists of persons, firms, and bodies corporate who have agreed to supply drugs, medicines, and appliances to insured persons whose medical benefit is administered by the Committee, according to such scale of prices as may be fixed by the Committee;
- (b) A right on the part of any person, firm, or body corporate desirous of being included in any such list as aforesaid of being so included, for the purpose of supplying such drugs, medicines, and appliances as such person, firm, or body corporate is entitled by law and authorised by the Committee to supply, except in cases where the Insurance Commissioners after inquiry are satisfied that the inclusion or continuance of the person, firm, or body corporate in such list would be prejudicial to the efficiency of the service:

Provided that—

- (i) If the Insurance Commissioners are satisfied that the scale of prices fixed by the Committee is reasonable, but that the persons, firms, or bodies corporate included in any list are not such as to secure an adequate and convenient supply of drugs, medicines, and appliances in any area, they may dispense with the necessity of the adoption of such system as aforesaid as respects that area and authorize the Committee to make such other arrangements as the Commissioners may approve;
- (ii) Except as may be provided by regulations made by the Insurance

Commissioners, no arrangement shall be made by the Insurance Committee with a medical practitioner under which he is bound or agrees to supply drugs or medicine to any insured persons;

- (iii) Subject to the regulations made by the last foregoing proviso the regulations shall prohibit arrangements for the dispensing of medicines being made with persons other than persons, firms, or bodies corporate entitled to carry on the business of a chemist and druggist under the provisions of the Pharmacy Act, 1868, as amended by the Poisons and Pharmacy Act, 1908, who undertake that all medicines supplied by them to insured persons shall be dispensed either by or under the direct supervision of a registered pharmacist or by a person who, for three years immediately prior to the passing of this Act, has acted as a dispenser to a duly qualified medical practitioner or a public institution;
- (iv) Nothing in this Act shall interfere with the rights and privileges conferred by the Apothecaries Act, 1815, upon any person qualified under that Act to act as an assistant to any apothecary in compounding and dispensing medicines.

(6) There shall in each year be paid to the Insurance Committee for each county or county borough out of moneys credited to a society which has members resident in the county or county borough such sum in respect of the medical benefit of such members and the cost of administration thereof as may be agreed between the society and committee or, in default of agreement, may be determined by the Insurance Commissioners.

(7) If in any year the amount payable to an Insurance Committee in respect of all persons for the administration of whose medical benefit it is responsible is insufficient to meet the estimated expenditure thereon, the Committee may, through the Insurance Commissioners, transmit to the Treasury and to the council of the county borough an account showing the amount so payable and the estimated expenditure, and the Treasury and the county council or the council of the county borough may, if they think fit and if satisfied that the amounts so payable and the proposed expenditure are reasonable and proper in the circumstances, sanction the expenditure.

(8) The Treasury and the council of the county or county borough sanctioning any such expenditure as aforesaid shall thereupon each be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and, in the case of the council of a county or county borough, out of the county fund or borough fund or borough rate, as the case may be, one half of any sums so sanctioned by them and expended by the Insurance Committee on medical benefit in the course of the year in excess of the amounts so payable to the Insurance Committee as aforesaid.

Notes on Section 15.—Section 14 made the Insurance Committees the administrators of Medical Benefit. Section 15 makes general rules for their administration, leaving details to the Insurance Commission's regulations.

13 & 32 Vict.
c. 121.
8 Edw. 7.
c. 55.

55 Geo. 3.
c. 194.

Adequate Medical Treatment to be Provided.—Subsections (1) and (2) are briefly as follows :—

(1) *The Insurance Committee is to make arrangements with "duly qualified medical practitioners" in accordance with regulations to be made by Insurance Commissioners.*

(2) *The Commissioners' regulations shall secure for insured persons "adequate medical attendance and treatment," and shall require the adoption by every Insurance Committee of the following provisions inter alia—*

- (a) *The preparation of panels of doctors (Subsection (2) (a)).*
- (b) *The right of the insured person to select his doctor from the panel, subject to the doctor's consent (Subsection (2) (c)).*

Observe that there is no fixed scale or method of remuneration named.

Income Limit.—Under Subsection (3) the Insurance Committee have power to fix an income limit above which the insured person may be required to provide his own doctoring, the Committee paying towards the doctor's bill such sum as the insured person would cost them if under the income limit.

The composition of the Insurance Committee (Subsection (59)), should be considered in this connection.

Drugs.—*In the ordinary case the doctor is only to prescribe, and the insured person is to take the prescription to a chemist. (Subsec. (5) (b) (II.)).*

The Insurance Committee will accordingly prepare a panel of approved chemists, and every chemist is to have the right to be included (Sub-section (5)).

Funds Available for Medical Benefit.—The Insurance Committees will derive their income for Medical Benefit in the first place from the local Approved Societies, who will have to come to an agreement with the Insurance Committees for the medical treatment of their members, and pay them accordingly. Failing agreement, the Act provides for reference to the Insurance Commissioners, who are to determine the payment (Subsection (6)).

In the second place the Insurance Committees have, with the consent of the Treasury and Local Authority, power to spend more money on medical work, the cost of such additional expenditure to be shared by the Government and the Councils (Subsection (7) and (8)).

This last provision is of special importance in connection with the case of the Deposit Contributors (but on this see Section 42 and notes).

The doctors in any district can form a committee to watch the interests of the local official doctors as a whole. Section 62 sets out that where such a Local Medical Committee is formed, it is to be recognized by the Insurance Commissioners and consulted by them in connection with the medical side of their duties.

Administration of sanatorium benefit.

Section 16.—(1) For the purposes of administering sanatorium benefit, Insurance Committees shall make arrangements, to the satisfaction of the Insurance Commissioners,—

- (a) with a view to providing treatment for insured persons suffering from tuberculosis or any other such disease as aforesaid in sanatoria and other institution, with persons or local authorities (other than poor law authorities) having the management of sanatoria or other institutions approved by the Local Government Board, which treatment it shall be lawful for a local authority to provide as respects insured persons resident outside as well as respects those resident within their area; and
 - (b) with a view to providing treatment for such persons otherwise than in sanatoria or other institutions, with persons and local authorities (other than poor law authorities) undertaking such treatment in a manner approved by the Local Government Board, which treatment (including the appointment of officers for the purpose) it shall be lawful for a local authority, if so authorized by the Local Government Board, to undertake.
- (2) The sums available for defraying the expenses of sanatorium benefit in each year shall be—
- (a) one shilling and threepence in respect of each insured person resident in the county or county borough, payable out of the funds out of which benefits are payable under this Part of this Act;
 - (b) one penny in respect of each such person payable out of moneys provided by Parliament:
- Provided that the Insurance Commissioners may retain the whole or any part of the sums so payable out of moneys provided by Parliament to be applied, in accordance with regulations made by the Commissioners, for the purposes of research.
- (3) An insured person shall not be entitled to sanatorium benefit unless the Insurance Committee recommends the case for such benefit.
- (4) An Insurance Committee may, out of the sums available for defraying the expenses of sanatorium treatment, defray in whole or in part the expenses of the conveyance of an insured person to or from any sanatorium or institution to which he may be sent for treatment therein, or may make advances for the purpose.

Notes on Section 16.—Section 14 made the Insurance Committees the administrators of sanatorium benefit. Section 16 begins by enacting that the Insurance Commissioners shall make arrangements, to the satisfaction of the Insurance Commissioners,

- (a) for the treatment of consumptives, &c., in sanatoria or other institutions (not being Poor Law institutions) carried on by local authorities or persons, and approved by the Local Government Board.
- (b) or for the treatment of such cases otherwise than institutionally (but not by Poor Law authorities) with the same approval.

Income.—Subsection (2) gives the Insurance Committees, for the purposes of this benefit, 1s. 3d. per annum for each insured person in their area, plus 1d. per person per annum to be provided by Parliament. The Parliamentary 1d. may be wholly devoted to research.

By Subsection (3) the Insurance Committee solely decides as to the grant of sanatorium benefit.

By Subsection (4) the Committees may defray the expenses of conveying consumptives to or from sanatoria.

It should be noted that the building of sanatoria is not treated of in the Act. Having regard to its provisions, however, the Government has, simultaneously with passing the Insurance Act, provided £1,500,000 (to be administered by the Local Government Board) for building, in conjunction with Local Authorities, a chain of sanatoria throughout the country. That is why the Act is able to assume the existence of sanatoria which did not actually exist when it became law.

Section 17.—(1) The Insurance Committee for any county or county borough may, if it thinks fit, extend sanatorium benefit to the dependants of the insured persons resident in the county, or any part of the county, or in the county borough, or any class of such dependants, and in such case the arrangements to be made by the committee shall include arrangements for the treatment of such dependants, and the sums available for sanatorium benefit shall be applicable to the purpose.

Power to extend sanatorium benefit to dependants.

(2) If in any year the amount available for defraying the expenses of sanatorium benefit is insufficient to meet the estimated expenditure on sanatorium benefit for insured persons and such dependants, the Insurance Committee may, through the Insurance Commissioners, transmit to the Treasury and the council of the county or county borough an account showing the estimated expenditure for the purpose and the amount of the sums available for defraying the expenses of sanatorium benefit, and the Treasury and council may if they think fit sanction such expenditure.

(3) The Treasury and the council of the county or county borough sanctioning such expenditure as aforesaid shall thereupon be liable to make good, in the case of the Treasury out of moneys provided by Parliament, and, in the case of the council of the county or county borough, out of the county fund or borough fund or borough rate, as the case may be, one-half of any sums so sanctioned by them and expended by the Insurance Committee on sanatorium benefit for insured persons and their dependants in the course of the year in excess of the amount available for defraying the expenses of the committee on sanatorium benefit.

Notes on Section 17.—This Section gives the Insurance Committees power to extend sanatorium treatment to the uninsured dependants of insured persons.

By Subsections (2) and (3) the Committee may request (not demand) that the Local Authority and Treasury may between them pay the cost of any additional expenditure on sanatoria benefit over and above the 1s. 4d. per member given them by Section 16. It is difficult to believe that

such a request would be refused, but it should be observed that the Subsections are not mandatory.

Administration of maternity benefit.

Section 18.—(1) Where the mother of the child is herself an insured person, and is not the wife or, in the case of a posthumous child, the widow of an insured person, maternity benefit shall be treated as a benefit for her and shall be administered in cash or otherwise by the approved society of which she is a member, or, if she is not a member of any society, by the Insurance Committee; in any other case, the benefit shall be treated as a benefit for her husband and shall be administered in cash or otherwise by the approved society of which he is a member, or, if he is not a member of any such society, by the Insurance Committee, and shall be payable in respect of a posthumous child as if the husband were still alive:

Provided always that the mother shall decide whether she shall be attended by a duly qualified medical practitioner or by a duly certified midwife, and shall have free choice in the selection of such practitioner or midwife, but if, in the case of a midwife being selected, a duly qualified medical practitioner is subsequently summoned in pursuance of the rules made under the Midwives Act, 1902, the prescribed fee shall, subject to regulations made by the Insurance Commissioners, be recoverable as part of the maternity benefit.

2 Edw. 7.
c. 17.

35 & 36 Vict.
c. 65.

(2) In deciding whether or not they shall make an order under the Bastardy Laws Amendment Act, 1872, for the payment of the expenses incidental to the birth of a child, the justices shall not take into consideration the fact that the mother of the child is entitled to receive maternity benefit under this Part of this Act.

Notes on Section 18.—*Observe that by Subsection 1, the maternity benefit may be paid in cash or in kind.*

The mother is to decide whether she will be attended by doctor or midwife, and is to have free choice of same.

Punishment of husband in certain cases of neglect.

Section 19.—Without prejudice to any other legal liability, where, under the immediately foregoing section, which relates to the administration of maternity benefit, of this Act, maternity benefit is given or paid to the husband, it shall be the duty of the husband to make adequate provision to the best of his power for the maintenance and care of his wife during her confinement, and for a period of four weeks after her delivery, and if he neglects or refuses to do so he shall be liable upon summary conviction to imprisonment, with or without hard labour, for any term not exceeding one month.

Note on Section 19.—*A salutary provision, unfortunately necessary in a minority of cases.*

Reinsurance for the purposes of maternity benefit.

Section 20. For the purpose of the administration of maternity benefit, the Insurance Commissioners may, if they think fit, by special order provide for the reinsurance with them of the liabilities of all approved

societies in respect of maternity benefit, and the order may provide for the method of calculating the premiums to be charged against the several societies in respect of such reinsurances and may contain such other incidental, consequential, and supplemental provisions as may appear necessary for the purpose.

Note on Section 20.—*The purpose of this Section is to give the Insurance Commissioners power (by Special Order only) to pool the risks of Societies in respect of Maternity Benefit. It will not be used unless experience shows it to be necessary.*

Section 21.—It shall be lawful for an approved society or Insurance Committee to grant such subscriptions or donations as it may think fit to hospitals dispensaries and other charitable institutions, or for the support of district nurses, and to appoint nurses for the purpose of visiting and nursing insured persons, and any sums so expended shall be treated as expenditure on such benefits under this Part of this Act as may be prescribed.

Power to subscribe to hospitals, &c.

Section 22.—(1) The council of any borough or urban or rural district may agree with the council of the county in which the borough or district is situate to repay to the latter council the whole or any part of the sums payable by that council in accordance with the provisions of this Part of this Act towards the excess expenditure on medical or sanatorium benefit so far as such excess is properly attributable to the borough or district, and any sums payable by the council of the borough or district in pursuance of such an agreement shall be payable, in the case of a borough, out of the borough fund or borough rate, and, in any other case, as part of the general expenses incurred by the council in the execution of the Public Health Acts.

Power of councils of boroughs and districts to contribute to certain expenditure on medical and sanatorium benefits.

(2) The agreement may provide that the county council shall not raise any sum on account of any expenditure incurred by them under this Part of this Act for the purpose to which the agreement relates within the borough or urban or rural district the council of which has entered into such agreement, during the continuance of such agreement.

Note on Section 22.—*This Section should be considered with Sections 15 and 17, which empower Insurance Committees to ask (not demand of) Local Authorities to contribute to any expenses on Medical and Sanatorium Benefits over and above what is provided in their statutory incomes for these purposes.*

APPROVED SOCIETIES.

Section 23.—(1) Any society, that is to say, any body of persons, corporate or unincorporate (not being a branch of another such body), registered or established under any Act of Parliament, or by Royal Charter, or, if not so registered or established, having a constitution of

Conditions for the approval of approved societies.

such a character as may be prescribed, which complies with the requirements of this Act relating to approved societies, may be approved by the Insurance Commissioners, and, if so approved, shall be an approved society for the purposes of this Part of this Act:

Provided that, where any society establishes for the purposes of this Part of this Act a separate section consisting of insured persons, whether with or without honorary members not being insured persons, and so constituted as to comply with the requirements of this Act relating to approved societies, such separate section may be approved by the Insurance Commissioners, and, if so approved, shall be an approved society, and the provisions of this Part of this Act relating to the conditions of approval of societies and to approved societies shall apply only to such separate section of the society.

(2) No society shall receive the approval of the Insurance Commissioners unless it satisfies the following conditions:—

- (i) It must not be a society carried on for profit;
- (ii) Its constitution must provide to the satisfaction of the Insurance Commissioners for its affairs being subject to the absolute control of its members being insured persons or, if the rules of the society so provide, of its members whether insured persons or not, including provision for the election and removal of the committee of management or other governing body of the society, in the case of a society whose affairs are managed by delegates elected by members, by such delegates, and, in other cases, in such manner as will secure absolute control by its members;
- (iii) If the society has honorary members, its constitution must provide for excluding such honorary members from the right of voting in their capacity of members of the society on all questions and matters arising under this Part of this Act.

(3) Applications for approval under this section may be made and approval granted at any time before or after the commencement of this Act, and the Insurance Commissioners may grant approval either unconditionally or subject to the condition of the society taking within such time as the Commissioners may allow such steps as may be necessary to make the society comply with the requirements of this Part of this Act relating to approved societies.

Notes on Section 23.—The “Approved Societies” established under this Section are entrusted with the local government of the Health Insurance scheme.

The Section is drafted in such fashion as to enable the Commissioners to approve not only many existing thrift institutions, but any respectable body of men who form a Society ad hoc to carry out the provisions of the Health Insurance. The definition covers:—

- (a) Existing Friendly Societies.
- (b) Existing Trade Unions.

- (c) Existing Collecting Societies (which now do chiefly a burial money business).
- (d) Industrial Insurance Companies,

for all these can either adapt their existing constitutions or form, under the second paragraph of Subsection (1), a "separate Section," not run for profit, and confined to the State Health Insurance, to work the Act.

Subsection (2) sets out that no society shall be approved unless :—

- (a) It is not carried on for profit (monetary profit, that is).
- (b) It must be governed democratically by its members.
- (c) Its honorary members, if any, must have no right to vote.

It is important to observe that under Subsection (3) the Commissioners may give tentative approval to new or old Societies before or after the beginning of the Act.

It would appear that under Subsection (1) a Local Authority could itself organize an Approved Society.

Note that insolvency need not debar any existing Society in applying for approval, since every insolvent Society is rendered solvent by Section 55, and kept solvent by Sections 35 to 39.

No minimum number of members is required as a condition of approval, but Societies with less than 5,000 members have to conform with certain pooling provisions under Section 39.

Section 24.—(1) It shall be lawful for any body of persons, corporate or unincorporate, established before the passing of this Act which is desirous of transacting insurance business under this Part of this Act, or of making any amendments in its constitution, or administration, or contributions, or benefits, or otherwise which may be necessary or expedient in consequence of the passing of this Act, notwithstanding anything in the provisions of the Acts under which it is established or registered or carried on, or of its memorandum or articles of association, rules, or other instrument governing its constitution or defining its objects, to do all such acts and things (including the establishment of a separate section as aforesaid) as may be necessary for the purpose of enabling the body to undertake the transaction of such business as soon as may be after the passing of this Act and, if the instrument regulating the constitution of the body contains provisions requiring any interval to elapse before action can be taken, such provisions shall not apply to action taken for the purposes aforesaid.

Power of
societies to
undertake
business
under Part I.

(2) Subsections (3) and (4) of section seventy of the Friendly Societies Act, 1896, shall not apply to any resolutions for amalgamation or transfer of engagements when the resolution is made expressly for the purposes of this Part of this Act.

59 & 60 Vict.
c. 25.

(3) This section shall come into operation on the passing of this Act, and shall not continue in force beyond the expiration of one year from the commencement of this Act, except so far as may be necessary to enable a society which has undertaken the transaction of insurance business under this Part of this Act to continue to transact such business.

Note on Section 24.—This is an enabling Section which permits any existing Friendly Society, Trade Union, or other institution so to adapt or alter its constitution as to enable it to apply for approval under Section 23.

Special provisions for employers provident funds, &c.

Section 25.—(1) Where a society consists of persons entitled to rights in a superannuation or other provident fund established for the benefit of persons employed by one or more employers, the society may be approved, notwithstanding that the employer is entitled to representation on the committee or other body administering the fund to an extent not exceeding one quarter of the total number of the body, if the employer, in addition to the employer's contributions payable by him under this Part of this Act, is responsible for the solvency of the fund or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement, the benefits payable out of the fund:

Provided that no such society as aforesaid shall be approved unless by its constitution it is prohibited so far as concerns the benefits under this Part of this Act from refusing to allow a member to transfer to another approved society, and from refusing to allow a member who is discharged from or leaves the employment of the employer and is unable to obtain admission to another approved society on account of the state of his health to continue a member, and unless its constitution provides for the election of the members of the committee of management (other than the employer's representatives) by ballot:

Provided also that no such society shall be approved if the employer makes membership of such society a condition of employment.

(2) Where, for the purpose of enabling any such society to become an approved society, it is necessary to make any alteration in the existing rules or constitution of the society which it is not competent for the society under its existing constitution to make, a scheme for the purpose may be submitted for the approval of the Insurance Commissioners.

(3) Where such a scheme has been approved by the Insurance Commissioners, the Act or deed constituting the society shall have effect subject to the provisions of the scheme, but the Insurance Commissioners shall not approve any such scheme unless they are satisfied that the members of the society have been given an opportunity of voting by ballot thereon, and that the scheme makes proper provision for safeguarding existing rights and interests.

Notes on Section 25.—This Section enables Employers' Provident Institutions to become Approved Societies under the Act, while it safeguards the liberties of the workmen concerned.

The employer's institution may be recognized, but

(1) The employer is not to have a larger representation than 1 in 4 on its management,

(2) The employer must either guarantee the solvency of the fund or contribute substantially to it apart from his proper contributions under the Act,

(3) *The workman must have freedom to transfer to another Approved Society,*

(4) *It must not be a condition of employment by the firm that workmen must join the employer's fund, and*

(5) *The employer's fund must provide the statutory benefits, and in all other ways conform with the Act.*

Section 26.—(1) Every approved society and every society desirous of becoming an approved society shall give such security as the Insurance Commissioners may consider sufficient to provide against any malversation or misappropriation by officers of the society of any funds coming to the hands of the society under this Part of this Act, and in determining the amount of the security to be required the Commissioners shall have regard to the amount of the funds so coming into the hands of the society :

Security to
be given by
approved
societies.

Provided that no security shall be required from any society which proves to the Insurance Commissioners that the only funds coming into the hands of the society under this Part of this Act are such funds as are required for reimbursing to the society sums previously expended by the society under this Part of this Act.

(2) In the case of an approved society with branches having insured persons among their members, security shall be given in respect of each such branch by the society.

(3) The Insurance Commissioners may from time to time vary the amount of security to be given or maintained by an approved society as may be thought proper, and, where security is given by way of deposit of securities, the society which made the deposit may, with the consent of the Insurance Commissioners, substitute other securities for the securities for the time being deposited.

(4) Any dividends or interest arising from securities deposited by an approved society under this section shall be paid to the society.

Note on Section 26.—“*Such security as the Insurance Commissioners may consider sufficient.*” Presumably a fidelity guarantee bond would be accepted in the case of officers.

Section 27.—(1) Every approved society shall, as respects the administration of the affairs of the society under this Part of this Act, make proper provision by rules to the satisfaction of the Insurance Commissioners for the government of the society, and if a society with branches—

Provisions
as to
approved
societies.

(a) for the government of the society and its branches;

(b) for the determination of disputes arising between the society and any branch thereof, or between one such branch and another.

(c) for the administration of benefits by the branches as respects insured persons who are members of such branches.

(d) for the keeping of proper books of account by the branches in any case where separate accounts are usually kept by those branches ;

(e) for depriving of or suspending from the right of administering benefits under this Part of this Act any branch which is guilty of maladministration of those benefits, or is convicted of any offence under any Act, and for providing in such a case for their administration by the society or otherwise.

(2) Every approved society and every branch thereof, shall comply with any regulations made by the Insurance Commissioners as to the place in which meetings are to be held, and those regulations may provide for the use for such meetings, with or without payment, of any offices or other buildings under the control of a Government department (including offices or buildings occupied by or in connexion with a labour exchange) or belonging to or under the management of a local authority, but subject to the consent of the Government department or the local authority concerned.

(3) Where under any Act regulating the constitution of an approved society the rules of the society are required to be registered, any rules approved under this section by the Insurance Commissioners shall forthwith be registered, but until so registered shall have effect as if they had been duly registered.

Notes on Section 27.—“Every Approved Society shall . . . make proper provision by rules to the satisfaction of the Insurance Commissioners for the government of the Society. . . .” The rules must, of course, express intention to carry out the provisions of the Act as they are to be administered by the Approved Societies. Rules of existing institutions will need adaptation under Section 24. The Commissioners have already drafted model rules for the guidance of new and old Societies.

Note that the Commissioners have power by regulation to control the place of meetings.

**Secessions,
&c.**

Section 28.—(1) No branch of an approved society having insured persons among its members shall be entitled to secede or withdraw from the society without the consent of the Insurance Commissioners; but such consent shall not be given unless the seceding or withdrawing branch complies with the conditions of approval requisite in the case of approved societies, and, on any such consent being given, the branch shall be subject in all respects to the provisions and requirements of this Part of this Act relating to approved societies:

Provided that such consent shall not be required if the branch makes provision to the satisfaction of the Insurance Commissioners for the transfer to other approved societies or to other branches of the society from which it is seceding or withdrawing of such of its members as are insured persons.

(2) An approved society or a branch thereof shall not be dissolved without the sanction of the Insurance Commissioners and any such dissolution, so far as it affects members who are insured persons, shall be carried out in the prescribed manner.

(3) No branch of an approved society shall be expelled from the society,

unless proper provision is made to the satisfaction of the Insurance Commissioners with respect to any members of the branch who are insured persons.

(4) This section shall have effect notwithstanding anything contained in any Act regulating the constitution of the society.

Notes on Section 28.—Subsection (1) is enacted to safeguard the interests of Insured Persons who are members of branches of Approved Societies in connection with secessions. By "branch" is meant (Section 79) a branch separately registered.

Note that by Subsection (2) no Approved Society, or branch of such Society, can dissolve without sanction, or in a way to prejudice Insured Persons.

Subsection (3) also safeguards Insured Persons from loss through expulsion of a branch.

This Section means a substantial gain by existing Friendly Society members.

Section 29.—Where an approved society or a branch of any approved society fails to comply with any of the provisions or requirements of this Part of this Act relating to approved societies, or where such a society or branch or the body of which the society forms a separate section is convicted of any offence under any Act regulating its constitution or under any other Act, the Insurance Commissioners may withdraw their approval, and thereupon the society shall cease to be an approved society and the Insurance Commissioners shall make such provision as they may consider necessary with respect to members of the society who are insured persons.

Withdrawal
of approval.

Note on Section 29.—This Section makes necessary provision for the withdrawal of "approval" from offending Societies, but enacts that the Commissioners are to make provision for the members of such Societies who are insured under the Act.

MEMBERSHIP OF APPROVED SOCIETIES AND TRANSFER OF MEMBERS.

Section 30.—(1) Subject to the provisions of this Act, any insured person and any person entitled to become an insured person may apply to an approved society for membership therein.

Admission of
insured
persons to
membership
in approved
societies.

(2) An approved society shall be entitled, in accordance with its rules, to admit or reject any such applicant, or to expel any of its members being insured persons: Provided that no such application shall be refused solely on the ground of the age of the applicant.

(3) This section shall come into operation on the passing of this Act.

Notes on Section 30.—This brief Section is of much importance.

It gives the Approved Societies the right to reject any application for membership, "in accordance with its rules," except on the ground of age.

Thus a Temperance Society may make a rule restricting its membership to teetotallers and reject all other applicants, or an Ironfounders' Trade Union may reject any applicant not an ironfounder. The provision is essential to the maintenance of the individual character of the Societies.

Observe that the age factor is immaterial to a Society, because (Section 55) each insured person, whatever his age, is given by the Insurance Commissioners and carries into his chosen Society, the reserve fund appropriate to his age.

Note, too, that the right of rejection under this Section creates the "Deposit Contributors" of Section 42.

Transfer from one approved society to another.

Section 31.—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and becomes a member of another approved society, there shall be transferred to such other society in respect of such person a sum representing the liability under this Part of this Act of the first-mentioned society in respect of him (in this Act called "transfer value") calculated in accordance with tables to be prepared by the Insurance Commissioners:

Provided that such transfer value shall not be so transferred in any case where the first-mentioned society proves that the insured person voluntarily ceased to be a member of that society without the consent of the society, and that that consent was not unreasonably withheld.

(2) This section shall apply to transfers from one branch of an approved society to another branch of the same or any society in like manner as it applies to transfers from one society to another society.

Note on Section 31.—An insured person is given liberty of transfer, and can take with him to his new Society his proper "transfer value," but the right of transfer cannot be exercised capriciously.

Transfers to foreign and colonial societies.

Section 32.—(1) If an insured person ceases to be permanently resident in the United Kingdom and becomes a member of any society or institution established in a British possession or foreign country, of a kind similar to an approved society, which is approved by the Insurance Commissioners, or of any branch established outside the United Kingdom of an approved society, the transfer value of such person, or, in the case of a deposit contributor, the amount standing to his credit in the Post Office fund, shall be paid to such society or institution or branch; but no such payment shall be made, unless the Insurance Commissioners are satisfied that the society, institution, or branch in question gives corresponding rights to any of its members becoming resident in the United Kingdom.

(2) Where an arrangement has been made with the Government of any British possession or with the Government of any foreign State, whereby insured persons may be transferred to a society or institution established in the British possession or foreign State similar to an approved society or the Post Office fund, and members of any such society or institution may be transferred to approved societies or to the Post Office fund, it shall

be lawful for the Insurance Commissioners to make such arrangements as may be necessary for any such transfer as aforesaid, and for the determination of the amount to be transferred in any such case, and of the rights to which any person transferred is to be entitled; so, however, that nothing in this section shall affect the rights of a society under this Part of this Act to refuse applications for membership.

Note on Section 32.—This Section is an exercise in reciprocity. An emigrant may take with him, to an oversea Friendly Society, his proper "transfer value," if the Foreign or Colonial institution to which he transfers gives corresponding rights to its members desirous of transferring to the United Kingdom.

Section 33.—If a person who has for not less than five years been a member of an approved society for the purposes of this Part of this Act has ceased permanently to reside in the United Kingdom, and does not join such a society, branch, or institution as is in the last foregoing section mentioned, and the approved society is willing to permit him to remain a member of the society and to become entitled to benefits independently of this Act, the society may, subject to regulations by the Insurance Commissioners, transfer from the account of the society under this Part of this Act to the credit of the society independently of this Act such sum as would have been transferred to the Post Office fund had the member ceased to be a member of the society and become a deposit contributor, and so much of any reserve value which may have been credited to the society in respect of him as would in such a case have been cancelled shall be cancelled.

Transfer values of emigrants who remain members of approved societies.

Section 34.—A person shall not be or attempt to become a member for the purposes of this Part of this Act of more than one approved society at the same time, or, being a deposit contributor, to become at the same time a member for the purposes of this Part of this Act of an approved society, but nothing in this Act shall prevent any person who is a member of an approved society under this Part of this Act becoming a member of the same or any other society independently of this Act, or prevent a deposit contributor becoming a member of any society independently of this Act, or affect the right of an approved society to reject or expel from membership any person not being an insured person, or the rights or liabilities of an approved society or of any member thereof arising otherwise than under this Part of this Act; and, subject to the provisions of this Part of this Act, all rules made by a society which becomes an approved society or any branch thereof shall remain and be of the same force and effect as though this Act had not been passed.

Prohibition against double insurance.

Note on Section 34.—The title of this Section is a little misleading. It is not "double insurance" which the Section prohibits, but "double State insurance." A man may insure himself as many times and for as much as he pleases, but he may only enjoy the benefit of one insurance under the Act.

ACCOUNTS : VALUATIONS : SURPLUS AND DEFICIT.

Approved societies to keep proper accounts.

Section 35.—(1) Every approved society and every branch of an approved society must—

- (a) Keep its books and accounts under this Part of this Act separate from all other books and accounts of the society or branch, and in such form as may be prescribed by the Insurance Commissioners, and, when required, submit them to audit by auditors to be appointed by the Treasury;
- (b) Submit to have its assets and liabilities under this Part of this Act valued in accordance with the provisions of this Part of this Act;
- (c) In the event of a surplus or deficiency being shown upon any such valuation, comply with the provisions relating to surpluses and deficiencies herein-after contained;
- (d) Render such returns as the Insurance Commissioners may require.

(2) Regulations made under this section shall provide for a separate account being kept showing the amount expended on administration, and for limiting the amount which may be carried to that account out of the contributions under this Part of this Act, and for requiring any deficiency in such account (if not otherwise defrayed) to be met forthwith by a special levy.

(3) The provisions of this Part of this Act relating to accounts audit valuation and returns shall, as respects the transactions of any approved society or branch thereof under this Part of this Act, be substituted for such of the provisions of any Act regulating the constitution of the society or branch as deal with the like matters.

(4) In the case of a society or branch transacting other business besides that of insurance business under this Part of this Act, all funds and credits of the society or branch under this Part of this Act shall be as absolutely the security of the members for the purposes of this Part of this Act as if they belonged to a society or branch carrying on no other business than such insurance business, and shall not be liable for any contracts of the society or branch for which they would not have been liable had the business of the society or branch been only that of such insurance, and shall not be applied directly or indirectly for any purposes other than those of insurance business under this Part of this Act.

Where a separate section of a society has been established and such separate section is an approved society under this Part of this Act, the expression "society" in this subsection means the society of which the separate section has been established and not the separate section.

Notes on Section 35.—Enacts common-sense provisions as to the accounts, audit, and valuation of Approved Societies, which are necessary for the protection of their members.

An Approved Society must keep separate books and accounts relating to the National Health Insurance, in prescribed form, and submit them to Treasury audit (Subsection (1) (a)).

Subsection (1) (b) as to valuation should be read with Section 36.

Subsection (1) (c) as to surplus or deficiency should be read with Sections 37 and 38.

Subsection (2) protects the members from waste in administrative expenses.

Subsection (4) enacts that where a Society does business other than the State Health Insurance (as it may do) the funds of the State Health Insurance are not to be liable in respect of any contracts or obligations in connection with other of the Society's activities.

Section 36.—(1) A valuation of the assets and liabilities arising under this Part of this Act of every approved society and of every branch of an approved society shall be made by a valuer, to be appointed by or with the approval of the Treasury, at the expiration of every three years dating from the commencement of this Act, or at such other times as the Insurance Commissioners appoint; the times so appointed may be at shorter or longer intervals than three years and at regular or irregular intervals, and may apply to all approved societies or any particular society or societies.

Valuations
of approved
societies.

(2) Every such valuation shall be made on such basis as may be prescribed.

Note on Section 36.—*Even if no National Health Insurance were set up, such a provision as this would be necessary for the protection of Friendly Society members and should have been enacted long ago.*

Section 37.—(1) If upon any such valuation a surplus (certified by the **Surplus.** valuer to be disposable) is found, the following provisions shall apply :—

- (a) If the society is not a society with branches, the society may submit to the Insurance Commissioners a scheme for distributing out of such surplus any one or more additional benefits among insured persons who are members thereof for the purposes of this Part of this Act, and, upon any such scheme being sanctioned by the Insurance Commissioners, the society may distribute such additional benefit or benefits in accordance with the provisions thereof :
- (b) If the society is a society with branches, any surplus in the central fund of the society, including any surplus transferred from the branches to the society under the provisions of this section, shall, subject to the provisions of the next succeeding section of this Act, be applied in the first instance towards making good any deficiency shown by any of its branches; and the society may distribute the balance of the surplus, after making good deficiencies as aforesaid, amongst such of its branches as have a surplus in proportion to the amounts of such surpluses, and the sum so apportioned to a branch shall be treated as an addition to the disposable surplus of that branch :

- (c) If, on the valuation of a branch of an approved society, a surplus is shown in respect of such branch, there shall be transferred to the central body or other central authority of the society of which it is a branch one-third of the surplus, and the branch may, with the approval of the society, submit to the Insurance Commissioners a scheme for distributing out of the remaining two-thirds of such surplus, together with any such addition as aforesaid, any one or more additional benefits, and, upon any such scheme being sanctioned by the Insurance Commissioners, the branch may distribute such additional benefit or benefits in accordance with the provisions thereof:
 - (d) If, at any time after a scheme submitted by a society or branch has been so sanctioned as aforesaid, there is found to be a deficiency in the funds of the society or branch, no additional benefits shall be distributed under the scheme until such deficiency is extinguished and a surplus shown.
- (2) A scheme made under this section may prescribe the conditions to be complied with as respects any additional benefit conferred by the scheme, and every such scheme shall, so far as practicable, provide for the reduction, suspension, or deprivation of the additional benefits conferred by the scheme in the case of members who are in arrears, and may make a corresponding reduction in the amount to which such members are to be deemed to be in arrears for the purpose of reckoning the rate of sickness benefit.
- (3) No surplus and no part of any surplus shall be applied for the purpose of paying any benefits payable on death or any benefits other than one or more of the additional benefits specified in Part II. of the Fourth Schedule to this Act.

Note on Section 37.—See notes at end of Section 38.

Deficit.

Section 38.—(1) If upon any such valuation a deficiency is found, the following provisions shall apply:—

- (a) If the deficiency is shown by a branch of an approved society, three-quarters, or, if the society thinks fit, the whole thereof, shall, in the first place, so far as possible, be made good out of any surplus available for that purpose in the hands of the central body or other central authority of the society:

Provided that the society may, if it is satisfied that the deficiency is due to any maladministration on the part of the branch in question, with the consent of the Insurance Commissioners, refuse to make good any part of the deficiency out of such surplus:

- (b) Subject as aforesaid, every deficiency shall be made good in accordance with a scheme for that purpose to be prepared by the society, or, in the case of a deficiency in a branch, by the branch subject to the approval of the society, and submitted to the Insurance Commissioners for their sanction; such a scheme

shall provide for making good the deficiency, within a period of three years from the date at which the valuation was made, in any one or more of the following ways:—

- (i) By a compulsory levy, by way of increase of the weekly rate of contributions, upon members of the society or branch being insured persons;
- (ii) By reducing the rate of sickness benefit either for the whole period during which sickness benefit is payable or for any part thereof;
- (iii) By deferring the day as from which sickness benefit becomes payable;
- (iv) By reducing the period during which sickness benefit is payable;
- (v) By increasing the period which is required by this Part of this Act to elapse between two periods of disease or disablement to prevent the one being treated as a continuation of the other;
- (vi) By any other method approved by the Insurance Commissioners,

and, on the sanction of the Insurance Commissioners being given to the scheme, the society or branch shall proceed to make good the deficiency in accordance therewith :

- (c) Payment of the amount of any compulsory levy made in accordance with a scheme sanctioned under this section may be enforced in such manner as may be provided by the rules of the society or branch ; and, where those rules so provide, it shall be lawful for the society or branch in the case of any member to enforce payment of the amount of the levy by giving notice in the prescribed manner to the employer of such member requiring him to pay the amount of the levy, and, upon such notice being given, such amount shall be payable as if it were part of the contribution to be paid by the employer on behalf of the member, and all the provisions of this Part of this Act relating to the payment of such contributions and the recovery thereof from members shall apply accordingly:
- (d) If a member chargeable with a levy falls into arrears, his arrears shall reckon as though the total sum thereof, inclusive of the levy, consisted of the contributions payable by or in respect of him had no levy been made :
- (e) If within six months after the declaration of a deficiency, or, where an enquiry as to excessive sickness is pending under this Part of this Act, such longer period as the Insurance Commissioners determine, such scheme as aforesaid has not been submitted to and sanctioned by the Insurance Commissioners, or if at any time thereafter it appears to the Insurance Commissioners that the society or branch to which the scheme relates is not enforcing the provisions of the scheme, the Insurance Commissioners may take over the administration of the affairs of the society or

branch under this Part of this Act, and shall, as soon as possible thereafter, take such steps as they may think necessary to make good the deficiency by any or all of the methods mentioned in paragraph (b) of this section, and for that purpose they shall be entitled to exercise all or any of the powers given to the society or branch by this Part of this Act:

- (f) The Insurance Commissioners after taking over the administration of the affairs of any society or branch shall within a reasonable time, not exceeding three years, make arrangements for the restoration to the society or branch of its powers of self-government or, failing that, for the transfer of the members of the society or branch, being insured persons, to other approved societies or branches or to the Post Office fund;
- (g) Any question or dispute arising between the Insurance Commissioners and the society or branch in respect of the amount of the deficiency, or as to the adequacy of any scheme proposed for making it good, shall be submitted to an independent valuer to be appointed by the Lord Chief Justice, and such valuer shall, subject to the provisions of this Act and of the regulations thereunder, act, so far as practicable, on his own knowledge and experience, and shall have power to determine how and by what parties the costs of proceedings, including his own remuneration, not exceeding such amount as the Treasury may prescribe, are to be defrayed, and his decision shall be final and conclusive;
- (h) A scheme made under this section shall not affect any person who becomes a member of the society or branch after the date as at which the valuation was made, or any member over seventy years of age;
- (i) Any insured person who, having been a member of the society or branch at the date as at which the valuation disclosing the deficiency was made, is transferred to another society or to another branch of the same or any other society before the deficiency is made good, shall be liable to any levy or reduction of benefits which has been or may be made in respect of such deficiency in like manner in all respects as if he had not ceased to be a member, and if the transfer took place before the scheme imposing the levy or reduction of benefits was sanctioned, such adjustment in the amount of any transfer value paid in respect of him shall be made as the circumstances require.

(2) Any member liable to a levy payable at intervals may relieve himself of the liability thereto, and a member subject to a diminution of benefits by virtue of any such scheme may, with the consent of the society or branch, acquire a right to undiminished benefits, on payment to the Insurance Commissioners of the capitalized value of the levy or diminution of benefits, as the case may be, ascertained in the prescribed manner.

Notes on Sections 37 and 38.—These two Sections, dealing with surpluses and deficits revealed by the statutory valuations under Section 36, are of great importance.

If on valuation a Society shows a deficiency, then it must make that deficiency good either by a levy upon its members or by some reduction in the benefits given (Section 38 (1)).

If there is a surplus then the Society may submit to the Insurance Commissioners a plan for distributing that surplus in the shape of increased benefits (chosen only from the list of Additional Benefits, Schedule 4, Part II.), with this proviso, that if the Society is one having branches (Section 37 (1)) the surplus in the central fund shall be applied to making good any deficiency shown by any of the branches before there is any distribution.

A branch possessing a surplus is in any case allowed to distribute one-third of such surplus in increased benefits, the other two-thirds going to the central body of the Society. A branch showing a deficit will bear one-fourth of the deficiency itself unless the Society decides to relieve it of this as well as of the other three-fourths.

Section 39.—(1) Subject to the provisions of this section, all approved societies which at the date of any valuation have less than five thousand insured persons as members for the purposes of this Part of this Act shall, for the purposes of the valuation—

- (a) if they have joined an association formed under this section, be associated with the other societies in the same association; and
- (b) if they have not joined any such association, be grouped together according to the localities in which they carry on business.

(2) Any such societies may, with the consent of the Insurance Commissioners, form for the purposes of this section an association with a central financial committee, provided that the aggregate number of insured persons who are members of the associated societies is not less than five thousand, and the conditions on which a society shall be entitled or allowed to join, or having joined to secede from, an association, shall be such as may be prescribed.

(3) Any such society which has not joined any such association as aforesaid, and which carries on business in any county or county borough, shall, for the purposes of this section, be grouped with the other unassociated societies carrying on business in the same county or county borough.

(4) The provisions of this Part of this Act as to the application of surpluses of branches of societies with branches shall apply to such associated and grouped societies as if all the societies in any association or group were branches of a single society, subject to the following modifications:—

- (a) A reference to the central financial committee in the case of an association, and to the Insurance Committee for the county or county borough in the case of a group, shall be substituted for the reference to the central authority of the society;

(b) The approval of the central financial committee or Insurance Committee shall not be required to any scheme prepared by an associated or grouped society for the distribution of any surplus.

(5) Where an associated or grouped society is a society with branches, the provisions of this Part of this Act relating to surpluses and deficiencies of societies with branches (except those requiring the approval of a society to a scheme prepared by a branch as to the distribution of a surplus or the making good of a deficiency) shall not apply to the society, but each branch shall, for the purposes of this section, be deemed to be a separate society.

(6) For the purposes of this section, a society shall be deemed to carry on business only in the county or county borough in which its registered office or other principal place of business is situate:

Provided that, where of the insured persons who are members of a grouped society at the date of any valuation more than one hundred or more than one-sixth reside in some county or county borough other than that in which the registered office or other principal place of business is situate, the proper proportion of any surplus or deficiency of the society shall, if application for the purpose is made by any of the Insurance Committees concerned, be apportioned to the Insurance Committee of that other county or county borough, such proportion to be determined, in default of agreement between the Insurance Committees concerned, by the Insurance Commissioners.

(7) The Insurance Commissioners may exempt from this section any society consisting of persons entitled to rights in a superannuation or other provident fund established for the benefit of persons employed by one or more employers, if the employer, in addition to the contributions payable by him under this Part of this Act, is responsible for the solvency of the fund, or for the benefits payable thereout, or is liable to pay a substantial part of, or to make substantial contributions to, or substantially to supplement the benefits payable out of the fund, and this section shall not apply to any society to which such an exemption has been granted.

(8) Except so far as relates to the power of refusing to make good any part of a deficiency due to maladministration on the part of any society, nothing in this section shall be construed as conferring on any central financial committee or Insurance Committee any powers of control over the administration of associated or grouped societies.

Notes on Section 39.—*This Section meets the difficulty of maintaining small Approved Societies in solvency (most existing small Societies are insolvent) by a system of pooling their risks.*

Small Societies may Retain Independence.—No minimum number of members is required as a condition of approval under Section 23, and Societies, however small, may retain their independence and self-management without becoming branches of larger Societies. Where, however, the members are less than 5,000, it is necessary to average risks. Such small

Societies are therefore offered the choice of the following alternatives (Sub-section (1)):

- (1) *They may associate with other Societies in the same part of the United Kingdom,*
or,
(2) *in default of so associating themselves they will be grouped with other small Societies in the same County or County Borough.*

In either case each Society will become an independent Approved Society, and the grouping will be solely for the purpose of pooling part of any surpluses arising under the Act, or receiving assistance from the pool towards meeting a deficit.

Pooling.—*The small Societies so associated will have to pay one-third of any disposable surplus which may arise under the State Scheme into a central pool under the control of a Financial Committee of the Association in the case of associated Societies, or of the Insurance Committee in the case of Societies in a County (or County Borough) group.*

The sums so pooled will be applied (Subsection (4)) in giving assistance to those Societies in the same association or group which have a deficiency to the extent of three-fourths of their deficiency unless the Financial Committee or the Insurance Committee (as the case may be) decide to make up the whole amount. The Committee controlling the pool may refuse to make a grant in the case of a mismanaged Society, but otherwise they will not interfere with the management of Societies. Any balance which is left in the central pool will be redistributed amongst the Societies which contributed to the pool in proportion to the amounts of their surpluses. This system, applied by Subsection (4), is the same as is applied to Societies with branches under Sections 37 and 38.

The small Societies thus help each other under the Act.

Affiliation or Federation.—*The above alternatives, (1) and (2), have been devised for small Societies which desire to retain independence. If, however, they prefer a closer form of association, they may instead—*

- (3) *Affiliate or amalgamate with some existing large Society in accordance with its rules,*
or,
(4) *Federate with other small Societies under the Friendly Societies Acts in the same way as great Affiliated Orders like the Manchester Unity or Foresters. This would mean the separate registration of a central body which would represent the various affiliated Societies, and would draw small contributions for expenses from them. Beyond this the Societies could retain as much self-government as they chose to arrange for in forming the federation, but the central body would represent them in all dealings with the Insurance Commissioners,*
or,
(5) *Federate with other small Societies without registration under the Friendly Societies Act. They would in this case form a central body which would be an Approved Society representing its constituent parts.*

The last three methods, (3), (4) and (5), involve a grant of approval to the small Societies through the central body representing them all. The pooling arrangements to meet deficiencies would be the same as those described above in the case of (1) and (2), except that the central authority of the large Society (in the case of (3)) or the central body (in the case of (4) and (5)) takes the place of the Financial Committee (in the case of (1)) or the Insurance Committee (in the case of (2)).

(These notes on Section 39 are based on an official circular letter.)

Special provisions with regard to societies with branches.

Section 40.—(1) Where a society with branches is so organized that the branches in different geographical areas are grouped together for the purposes of this section, the branches in any such area may, if and to such extent as the rules of the society so provide, and if the number of members of the branches being insured persons in the area exceeds five thousand, be treated for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate society.

(2) The rules of any society with branches may provide for the branches reinsuring with the society their liabilities in respect of any of the benefits under this Part of this Act, or, if the society is so organized as aforesaid, for such reinsurance either with the society or with the group.

(3) Where a society with branches has among its members insured persons who are not members of any branch, and the benefits of such members are administered by the society itself, such members shall be treated for the purposes of this Part of this Act relating to valuations, surpluses, and deficiencies as if they formed a separate branch.

Power to separate men's and women's funds.

Section 41.—Where an approved society, not being a society with branches, has amongst its members both men and women, and the rules of the society so provide, the provisions of this Part of this Act with respect to valuations, surpluses, and deficiencies shall apply to the society as if it were a society consisting of two branches, the one comprising the male members and the other comprising the female members.

Note on Section 41.—*The object of this Section is to make it possible, by keeping distinct the men's and women's funds of a Society, to give each sex the value of its own contributions, subject to the provisions of the Act as to the surpluses and deficiencies of branches of the same Society (Sections 37, 38).*

DEPOSIT INSURANCE.

Provisions as to deposit contributors.

Section 42.—Until the first day of January nineteen hundred and fifteen, the following provisions shall apply in the case of insured persons (in this Act referred to as deposit contributors) who have not joined an approved society within the prescribed time, or who, having been members of an approved society, have been expelled or have resigned therefrom and have not, within the prescribed time, joined another approved society:—

- (a) Contributions by or in respect of a deposit contributor shall be credited to a special fund to be called the Post Office fund :
- (b) The sums required for the payment of any sickness, disablement or maternity benefit payable to a deposit contributor, except so far as they are payable out of moneys provided by Parliament, shall be paid out of the money standing to his credit in the Post Office fund, and his right to benefit under this Part of this Act shall be suspended on the sums standing to his credit in that fund being exhausted, except that his right to medical benefit and sanatorium benefit shall continue until the expiration of the then current year, and that the Insurance Committee, if it has funds available for the purpose and thinks fit so to do, may allow him to continue to receive medical benefit or sanatorium benefit or both such benefits after the expiration of such year :
- (c) Such sum as may be prescribed shall in each year be payable in respect of each deposit contributor towards the expenses incurred by the Insurance Committee in the administration of benefits :
- (d) Such sum as the Insurance Committee may, with the consent of the Insurance Commissioners, determine shall in each year be payable in respect of each deposit contributor for the purposes of the cost of medical benefit :
- (e) The sums payable in respect of a deposit contributor for the purposes of medical benefit and sanatorium benefit, and towards the expenses of administration, shall, except so far as they are payable out of moneys provided by Parliament, be deducted at the commencement of each year from the amount standing to his credit in the Post Office fund, and, if at the commencement of any year the amount so standing to his credit is insufficient to provide such sums, he shall not, unless the Insurance Committee consents, and except subject to such conditions as that committee may impose, be entitled to any benefits during that year :
- (f) Upon the death of a deposit contributor, four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund shall be paid to his nominee or, in default of a nomination, to the person entitled to receive the sum as if it were money payable on the death of a member of a registered friendly society, and the balance thereof shall be forfeited, and sections fifty-six to sixty-one of the Friendly Societies Act, 1896, as amended by any subsequent enactment, shall, subject to the prescribed adaptations, apply accordingly :
- (g) Where a deposit contributor proves to the satisfaction of the Insurance Committee that he has permanently ceased to reside in the United Kingdom, four-sevenths (or in the case of a woman one-half) of the amount standing to his credit in the Post Office fund may be paid to him.

Notes on Section 42.—This Section makes a tentative scheme for dealing with the insured persons who are rejected by Approved Societies under Section 30.

The tentative character of the Section is shown in its opening words, "Until the first day of January, 1915."

By the Section, insured persons who cannot find a Society to accept them are termed "Deposit Contributors," and dealt with through the Post Office and the Insurance Committees, who (Section 14) administer all benefits for them.

The Insurance Card of Section 7 will be issued to the person by the Post Office together with a book in which credit will be given for the member's 4d. and his employer's 3d. The State will add two-ninths of the cost of benefits as in ordinary cases. Out of the deposit thus formed the Post Office contributor will be entitled to benefit (b), but the Insurance Committee must grant him medical and sanatorium benefit for the remainder of the year in which he is ill, and may do so indefinitely, although his money run out (b).

The Insurance Committees may (Sections 15 and 17), with the consent of the Treasury and Local Authority, spend indefinitely upon medical treatment of the Deposit Contributors, and the Act authorises the Treasury and the Local Authority to share such additional expenditure.

If the member dies, three-sevenths of his deposit lapses to the common fund of the Deposit Contributors; the remainder represents his own as distinct from his employer's contributions, and he can leave it to whom he will (f).

Transfer from
approved
society to
deposit in-
surance and
vice versa.

Section 43.—(1) If an insured person, being a member of an approved society, ceases to be a member of that society, whether voluntarily or by expulsion, and fails to become within the prescribed time a member of another approved society, then—

- (a) if he becomes a deposit contributor, his transfer value shall be carried to his credit in the Post Office fund: Provided that, if a reserve value has been credited to the society in respect of him, such part of that reserve value as is still outstanding (or if the amount so outstanding exceeds the transfer value such part of the reserve value as is equal to the transfer value) shall be cancelled, and the amount, if any, by which the transfer value exceeds the amount so cancelled shall be carried to the credit of the deposit contributor;
- (b) if he does not become a deposit contributor, his transfer value shall be carried to such account and dealt with in such manner as may be prescribed.

(2) If an insured person who is a deposit contributor subsequently becomes a member of an approved society for the purposes of this Part of this Act, there shall be transferred to the society the amount standing to his credit in the Post Office fund:

Provided that—

- (a) if that amount exceeds the value of the contributions paid by or in respect of him estimated on the assumption that he had been a member of an approved society since his entry into insurance, the excess shall not be transferred to the society but shall be carried to the credit of the Post Office fund;

- (b) if that amount is less than such value, the insured person shall be treated as being in arrear to the amount of the deficiency.

PROVISIONS AS TO SPECIAL CLASSES OF INSURED PERSONS.

Section 44.—(1) Where a woman who has before marriage been an insured person marries, she shall be suspended from receiving the ordinary benefits under this Part of this Act until the death of her husband, and, if she is a member of an approved society, one-third of her transfer value shall be carried to a separate account called the married women's suspense account, but, if at any time after the death of her husband she becomes an employed contributor, the period between her marriage and the expiration of one month from the death of her husband shall be disregarded for the purpose of reckoning arrears, and there shall be transferred from the married women's suspense account to the society of which she is a member the proper reserve value calculated according to tables to be prepared by the Insurance Commissioners :

Provided that, where a woman who has been employed within the meaning of this Part of this Act before marriage, proves that she continues to be so employed after marriage, she shall not be so suspended so long as she continues to be so employed, and that, where a married woman so suspended from the ordinary benefits becomes employed within the meaning of this Part of this Act before the death of her husband, contributions shall thereupon again become payable in respect of her, and she shall cease to be suspended from receiving the ordinary benefits, but, subject to regulations made by the Insurance Commissioners, she shall, for the purposes of those benefits, be treated as if she had not previously been an insured person.

(2) Where a married woman being a member of an approved society is so suspended from the ordinary benefits as aforesaid, she may, if she so elects within one month after such suspension, or, subject to the consent of the society, after the expiration of that month, and notwithstanding that she is not engaged in any regular occupation, become whilst so suspended a voluntary contributor, subject to the following modifications, but not otherwise :—

- (a) The rate of contributions payable by her shall be threepence a week;
- (b) The benefits to which she shall be entitled shall be—
 - (i) medical benefit; and
 - (ii) sickness benefit and disablement benefit at the rates and subject to the conditions specified in Table D. of Part I. of the Fourth Schedule to this Act;
- (c) No part of her contributions shall be retained by the Insurance Commissioners for the purpose of discharging their liabilities to approved societies in respect of the reserve values created under this Act:

Special provisions with respect to married women.

Provided that, where a married woman elects not to become such a voluntary contributor, she shall be entitled to have a sum equal to the remaining two-thirds of her transfer value applied in accordance with regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted, except that, where a reserve value was credited to the society in respect of such woman at the date of her entrance into insurance, so much of such sum as aforesaid as may be prescribed shall not be so applied but shall be written off the amount of the reserve values credited to the society.

(3) Where the husband of a married woman who has been so suspended from ordinary benefits as aforesaid and who is a member of an approved society dies, she may, if she is qualified to become a voluntary contributor, and elects to do so within one month after the death of her husband, become an ordinary voluntary contributor paying contributions at the rate which would have been applicable to the case had she become such a contributor at the date of her entry into insurance:

Provided that she may, whether or not so qualified, if she so elects within one month after the death of her husband, continue to be or become a voluntary contributor on the same terms and subject to the same conditions as above provided as respects married women.

In either such case there shall be transferred from the married women's suspense account to the society the proper reserve value calculated as aforesaid.

(4) Where a married woman who was at the date of her marriage a deposit contributor is by virtue of this section suspended from the ordinary benefits under this Part of this Act, two-thirds of the sum standing to her credit in the Post Office fund shall be applied in accordance with the regulations of the Insurance Commissioners towards the payment of any of the benefits specified in Part III. of the Fourth Schedule to this Act until the same is exhausted.

(5) Where a woman who was a married woman at the commencement of this Act at any time subsequently either before or within one year after the death of her husband becomes an employed contributor and a member of an approved society, she shall be entitled to full benefits, notwithstanding that at the time of so becoming she is of the age of seventeen or upwards.

(6) Where any arrears of contributions have accrued due in respect of a married woman during coverture such arrears shall, on the death of her husband, be disregarded and she shall be thenceforth entitled to benefits as if such arrears had never accrued due.

(7) Except as provided by this section, a married woman shall not be entitled to become a voluntary contributor, and, if a woman is before marriage a voluntary contributor, she shall on marriage not be entitled to continue to be such a contributor.

(8) If a woman, whilst a voluntary contributor at such reduced rates of benefit as are provided by this section, becomes employed within the meaning of this Part of this Act, she shall be entitled to a certificate (to be granted in manner herein-before provided) exempting her from liability to

become an employed contributor so, however, that such exemption shall not exempt the employer from his liability to pay contributions in respect of her, or deprive him of his right to recover such part of those contributions as is payable on her behalf, but of each weekly contribution so paid by the employer threepence shall be treated as her contribution as a voluntary contributor and the balance shall be applied for her benefit in such manner as the society may determine.

(9) If at any time the married women's suspense account is insufficient to meet the liabilities imposed on it by this section, the deficiency shall be made good out of the sums retained by the Insurance Commissioners for discharging their liabilities in respect of the reserve values created by this Act.

(10) Transfer value for the purposes of this section shall be calculated in such manner as the Insurance Commissioners may prescribe.

(11) Where a woman is a member of an approved society at the time when she is entitled to exercise an option under this section, it shall be the duty of the society to give her full information as to the nature of her rights.

(12) Where a deficiency has been found in respect of the society or branch of which a woman is a member at a valuation previous to the time when she became suspended from ordinary benefits under this Part of this Act, and that deficiency has not been made good at the time of her marriage, or where a woman is in arrears at that time, such adjustments in the sums transferred to the married women's suspense account, and in the balance of her transfer value, and in the rates of benefit to which she is entitled under this section, shall be made as the Insurance Commissioners may prescribe.

(13) Save as aforesaid, the provisions of this Part of this Act shall apply to a woman who has been married, both during and after coverture, in like manner as if she had never been married.

(14) This section shall apply in the case of a woman whose marriage has been dissolved or annulled, or who has, for a period of not less than two years, been actually separated from or deserted by her husband, as if her husband had died at the date at which such dissolution or annulment took effect, or, as the case may require, at the expiration of such period of two years.

Notes on Section 44.—This Section (together with the Fourth Schedule Part I. Table D, and Part III., which are printed immediately after these notes) makes provisions to meet the special case of insured women who become married, which may be thus summarized:—

The insured woman who gets married has accumulated, during her spinsterhood, a certain insurance reserve. Section 44 gives her the use of that reserve, and

- (1) *the right to re-enter insurance if she becomes widowed, and*
- (2) *a right to a continued but modified insurance as a married woman.*

Upon marriage, unless she continues to work for wages, the insured

woman's right to ordinary benefits is suspended. One-third of the reserve which she has created by her subscriptions is carried to a "Married Women's Suspense Account." If she becomes a widow and employed, she has the right of re-entry into insurance at the rate at which she originally entered, i.e., as though 16 years of age. So much for provision for widowhood. It remains to explain the immediate insurances commanded by the insured woman who marries.

Two Options upon Marriage.—Upon marriage, the insured woman has certain options given her. Within one month, or within a longer period, if her Society allows it (although she may not follow any occupation for gain), she can choose one of two courses.

First option.—The first is a voluntary insurance on modified terms. She will pay 3d. a week, and this, in addition to the remaining two-thirds of the insurance reserve which she has built up (and plus a State contribution of one-fourth of the benefits, roughly equal to one penny per week), will enable her to receive the following benefits:

- (1) Medical Benefit,
- (2) Sickness Benefit of 5s. per week for 13 weeks, and 3s. a week for a second 13 weeks,
- (3) Disablement Benefit for life of 3s. per week (Subsection (2) (b) and Schedule 4, Part I., Table D). (Maternity Benefit also is received, but on account of the husband's insurance).

Second Option.—The insured woman who marries may elect to pay no more contributions and to have the remaining two-thirds of her reserve (including (Subsection (2)), at the discretion of the Insurance Commissioners, some part of the reserve placed to her credit under the Reserve Value provision) used as a deposit upon which she can draw, as far as the money will go, for the following benefits (Subsection (2) and Schedule 4, Part III.):

- (1) Payment of 5s. a week on confinement for a period of not more than four weeks on any one occasion.
- (2) Payments during any period of distress (such as unemployment), subject to the discretion of the Approved Society or Insurance Committee administering the benefit.

Note that for the purposes of this Section divorce or legal separation from a husband puts a woman in the same position as though she becomes a widow.

FOURTH SCHEDULE.

PART I.

Rates of Benefits.

TABLE D.—*Rates and Conditions for Married Women.*

Sickness benefit: during the first thirteen weeks, the sum of 5s. a week; during the second thirteen weeks, 3s. a week.

Disablement benefit : the sum of 3s. a week.

Sickness benefit and disablement benefit shall not be payable during the two weeks before and four weeks after confinement, except in respect of a disease or disablement neither directly nor indirectly connected with childbirth.

FOURTH SCHEDULE.

PART III.

Benefits for Married Women who do not become Voluntary Contributors at reduced rates.

Payment of the sum of 5s. a week on confinement during a period not exceeding four weeks on any one occasion.

Payments during any period of sickness or distress, subject to regulations made by the Insurance Commissioners and to the discretion of the society or committee administering the benefit.

Section 45.—(1) This Part of this Act shall apply to persons of the age of seventeen or upwards at the date of entry into insurance who are not British subjects, subject to the following modifications :—

- (a) No such person shall be qualified to become a member of an approved society for the purposes of this Part of this Act, except upon the terms and subject to the conditions herein-after mentioned ;
- (b) No part of the benefits to which such persons may become entitled shall be paid out of moneys provided by Parliament ;
- (c) The rate of sickness, disablement, and maternity benefit shall, as respects a deposit contributor, be reduced, in the case of men, to seven-ninths, or in the case of women to three-quarters, of the rate to which they would otherwise be entitled under this Part of this Act ;
- (d) No part of the sums payable in respect of such persons for medical benefit and sanatorium benefit or towards the expenses of administration of benefits shall, in the case of such persons, be paid out of moneys provided by Parliament.

(2) Where such a person becomes a member of an approved society the following provisions shall have effect :—

- (i) The contributions payable by or in respect of such person shall be credited to the society ;
- (ii) The society shall in each year pay to the Insurance Committee the whole of the sums payable in respect of such person for medical benefit and sanatorium benefit ;

- (iii) The rate and conditions of sickness benefit, and disablement benefit, and maternity benefit shall be such as may be determined by the society;
- (iv) Such person shall not be deemed to have joined an approved society for the purpose of the provisions of this Part of this Act relating to reserve values, and no part of the contributions of such person shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(3) A woman who, having been a British subject before marriage, has ceased to be a British subject by reason of marriage with a person not being a British subject, shall not be subject to the provisions of this section if her husband is dead, or the marriage has been dissolved or annulled, or she has for a period of not less than two years been actually separated from or deserted by her husband.

(4) This section shall not apply to any person who, on the fourth day of May nineteen hundred and eleven, was a member of a society which, or a separate section of which, becomes an approved society, and had then been resident in the United Kingdom for five years or upwards, or to any person who is transferred to an approved society or the Post Office fund in pursuance of an arrangement with the Government of any foreign State.

Notes on Section 45.—This Section makes a special arrangement with regard to aliens.

The alien himself and his employer contribute as in the case of a British subject, but the State does not contribute at all, and the benefits paid are accordingly reduced.

Special provisions with regard to persons in the naval and military service of the Crown.
28 & 29 Vict. c. 73.

Section 46.—(1) For the purpose of providing seamen, marines, and soldiers with such benefits during their term of service and after their return to civil life as are herein-after in this section mentioned, there shall be deducted from the pay of every seaman and marine within the meaning of the Naval and Marine Pay and Pensions Act, 1865, and of every soldier of the regular forces (other than soldiers of His Majesty's Indian Forces, the Royal Malta Artillery, and native soldiers of any regiment raised outside the United Kingdom), the sum of one penny halfpenny a week, and there shall be contributed by the Admiralty and the Army Council respectively, out of moneys provided by Parliament for navy and army services, in respect of every such seaman, marine, and soldier who has joined an approved society in the manner hereafter mentioned, the sum of one penny halfpenny per week, and, in respect of every other such seaman, marine, and soldier, such sum per week as may be prescribed:

Provided that no such deduction shall be made from the pay of a seaman, marine, or soldier who has completed the period of his first engagement and has re-engaged for pension unless he so elects within the prescribed time, and that no contribution shall be made by the Admiralty or Army Council in respect of any week in respect of which such a deduction is not made.

(2) A seaman, marine, or soldier—

(a) who was at the date of his entry or enlistment an insured person

and had joined and was at that date a member of an approved society; or

- (b) who within six months of the date of his entry or enlistment, or, in the case of a seaman, marine, or soldier serving at the commencement of this Act, within six months after the commencement of this Act, or within such longer period as may be prescribed, joins an approved society for the purposes of this Part of this Act;

shall, for the purposes of this Part of this Act, be treated as if he were an employed contributor, subject, until his discharge, to the following modifications:—

- (i) The employed rate shall be three pence, and the deductions made from his pay and the contributions made in respect of him by the Admiralty or Army Council shall be treated as the contributions paid in respect of him;
- (ii) He shall not be entitled to medical benefit, sanatorium benefit, sickness benefit, or disablement benefit;
- (iii) Maternity benefit shall be payable, notwithstanding that both he and his wife are resident outside the United Kingdom at the date of the confinement, and the society may arrange with the Admiralty or Army Council for the administration of the benefit through the Admiralty or Army Council.
- (iv) The sum to be retained out of each weekly contribution by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values shall be one penny, and the remaining five-ninths of a penny shall be paid out of the Navy and Army Insurance Fund herein-after constituted.

(3) With respect to seamen, marines, and soldiers who have not joined an approved society as aforesaid, the following provisions shall have effect:—

- (a) The sums so deducted and the contributions so made as aforesaid in respect of such men shall be paid into the National Health Insurance Fund, and out of such sums there shall be retained by the Insurance Commissioners towards discharging their liabilities in respect of the reserve values created under this Part of this Act the like amount as if such men were members of approved societies, and the balance shall be credited to a special fund to be called the Navy and Army Insurance Fund:
- (b) There shall also be paid into the Navy and Army Insurance Fund in each year out of moneys provided by Parliament a sum equal to two-ninths of the amount, calculated in the prescribed manner, which would have been payable in that year in respect of medical, sanatorium, sickness, and disablement benefits (including expenses of administration) had all seamen, marines, and soldiers from whose pay deductions are made under this section been members of approved societies and entitled to such benefits as employed contributors.
- (c) The weekly contributions to be made by the Admiralty and Army

Council in respect of such men shall be such as may from time to time be required to keep the Navy and Army Insurance Fund solvent:

- (d) If any such man was at the date of his entry or enlistment a deposit contributor, he shall, for the purpose of dealing with the sum standing to his credit in the Post Office fund, be treated as if the Navy and Army Insurance Fund had been an approved society, and he had at the date of his entry or enlistment become a member of that society:
- (e) In the case of a seaman, marine, or soldier serving at the commencement of this Act, there shall be credited to the Navy and Army Insurance Fund such reserve value as would have been credited to an approved society had he at that date become a member of the society as an employed contributor: Provided that no such reserve value shall be credited to that fund if at the date aforesaid he had completed the period of his first engagement and had re-engaged for pension, unless he elects to have deductions made from his pay, or unless, not having so elected, he becomes on discharge entitled to benefits payable out of that fund as herein-after mentioned:
- (f) Every such man shall, until discharged, be entitled to maternity benefit payable out of the Navy and Army Insurance Fund, and shall be entitled to such benefit, notwithstanding that both he and his wife are at the date of the confinement resident outside the United Kingdom, and the benefit shall be administered by the Admiralty and Army Council either directly or through Insurance Committees:
- (g) On the discharge of a seaman, marine, or soldier, from whose pay deductions have been made and continue to be made up to the date of his discharge, there shall be debited to the Navy and Army Insurance Fund, and, if he becomes a member of an approved society within the prescribed time from his discharge, there shall be credited to that society, or, if he does not become a member of such a society within the prescribed time from his discharge, there shall, unless he becomes entitled to benefits out of the Navy and Army Insurance Fund as herein-after mentioned, be carried to his credit in the Post Office fund the transfer value which would have been payable in respect of him had he been a member of an approved society throughout his period of service, or, in the case of a man serving at the date of the commencement of this Act, since that date, and, if he becomes a deposit contributor, so much of the reserve value, if any, credited to the Navy and Army Insurance Fund in respect of him shall be cancelled as would have been cancelled had he been transferred from an approved society to the Post Office fund:
- (h) A man discharged from service as a seaman, marine, or soldier who proves that the state of his health is such that he cannot obtain admission to an approved society may, if he so elects, on making

application to the Insurance Commissioners in the prescribed manner within three months of his discharge, or such longer time as may be prescribed, become, subject to regulations made by the Insurance Commissioners after consultation with the Admiralty and Army Council, entitled to benefits (other than additional benefits) provided under this Part of this Act at the full rate, the cost of which benefits shall be payable out of the Navy and Army Insurance Fund, and such benefits shall be administered by Insurance Committees or otherwise in such manner as may be prescribed by such regulations as aforesaid, and any contributions paid under this Part of this Act by or in respect of him shall be paid into that fund :

Provided that—

(i) no deduction from benefits shall be made on account of any pension to which a man may be entitled ;

(ii) the rate of sickness benefit shall be reduced, in the case of a man who entered into insurance when of the age of seventeen or upwards or who is in arrears, to the like extent as it would be reduced had he been an employed contributor and a member of an approved society who entered into insurance at the like age or who is in arrears to the like extent, so however that the rate of sickness benefit shall in no case be reduced below five shillings a week ;

(iii) there shall in each year be repaid to the Navy and Army Insurance Fund, out of moneys provided by Parliament, a sum equal to two-ninths of the amount expended out of the fund on such benefits aforesaid, including the expenses of administration ;

(iv) if a man who is so entitled to benefits payable out of the Navy and Army Insurance Fund at any time becomes a member of an approved society for the purposes of this Part of this Act, he shall cease to be entitled to benefits payable out of that fund, and there shall be debited to that fund and credited to such society the transfer value which would have been so debited and credited if he had been at that time transferred from one approved society to another approved society.

(4) In the application of this Part of this Act to a man who is or has been a seaman, marine, or soldier, and to whom this section applies—

(i) the date of his entry or enlistment as a seaman, marine, or soldier, or, if he was serving at the commencement of this Act, the date of that commencement, shall, unless he was an insured person at the date of his entry or enlistment, be treated as the date of his entry into insurance ;

(ii) deductions from pay, with the corresponding contributions made by the Admiralty and Army Council, shall be treated as payments of contributions at the employed rate for the purpose of reckoning the number of contributions made in respect of him, arrears, and

transfer value, and for the purpose of qualifications for becoming a voluntary contributor;

- (iii) a seaman, marine, or soldier during his term of service shall, if he has joined an approved society as aforesaid before his entry or enlistment, be deemed to reside in that part of the United Kingdom in which he resided immediately before his entry or enlistment, or, if after his entry or enlistment, in the part of the United Kingdom in which the registered office or other principal place of business of the society or branch which he has joined is situate, and in any other case in England, and all persons entitled to benefits payable out of the Navy and Army Insurance Fund shall be deemed to reside in England.

(5) Discharge shall, in the case of a seaman, marine, or soldier who on the completion of any term of service is transferred to a reserve, include such transfer.

(6) This section shall not apply to a seaman, marine, or soldier who entered or enlisted before the age of sixteen until he attains that age, and on attaining that age shall apply to him as if he had entered or enlisted at the time when he attained that age.

(7) The foregoing provisions of this section shall, subject to such adaptations and modifications as may be prescribed, apply to men belonging to the Naval Reserves when employed on service during war or any emergency, and to men of the Army Reserve when called out on permanent service, and to men of the Territorial Force when called out on embodiment, but, except as aforesaid, shall not apply to any such men.

(8) Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be employed within the meaning of this Part of this Act and to be in the sole employment of the Crown. Provided that this subsection shall not apply to a man who was not immediately before the training an insured person, except in such cases and under such circumstances as may be specified in a special order made by the Insurance Commissioners.

Notes on Section 46.—This Section makes a special scheme for the Army and Navy.

The plan of the Section is as follows: The soldier or sailor (Subsection (1)) will have 1½d. a week compulsorily deducted from his pay. To this his employers, the Army Council or Admiralty, will add 1½d., making a weekly contribution of 8d. in respect of each man. The State will contribute two-ninths of the benefits payable, as in the case of civilians.

Within six months of the beginning of the Act the soldier or sailor is to have the option to join any Approved Society (Subsection (2)), and his contributions will go to that Society in order to accumulate the proper reserve necessary to put him on an equal footing with other members when he leaves the Service, and to give maternity benefit to his wife while he is in the Service.

If this option is not exercised, the 3d. contribution will go to a special Navy and Army Insurance Fund (Subsection (3)), on the books of which the insured person will remain until he obtains his discharge. On leaving the Service, he can join any Approved Society as though he were 16 years of age, and his reserve will be paid over to the Society he chooses accordingly. If, on leaving the Service, he is broken in health (Subsection (3) (h)), he goes on the Fund at once for 10s. a week for 13 weeks and 5s. a week thereafter.

Section 47.—(1) The Insurance Commissioners shall from time to time make special orders specifying any classes of employment in which a custom or practice is shown to their satisfaction to prevail according to which the persons employed receive full remuneration during periods of disease or disablement, or any part thereof, and, where the custom or practice is confined to certain localities, the order shall also specify the localities in which the custom prevails, and, subject to the provisions of this section, the order may contain such incidental, supplemental, and consequential provisions as appear necessary for adapting the other provisions of this Part of this Act to cases under this section.

Special provisions where employer liable to pay wages during sickness.

(2) It shall be lawful for any employer who employs persons in any class of employment specified in any such order, within a locality (if the custom is confined to certain localities) so specified, to give to the Insurance Commissioners the prescribed notice, and thereupon the employer shall, as respects all such persons, be subject to the liabilities, and this Part of this Act shall apply in respect of all such persons, subject to the modifications, herein-after mentioned.

(3) The employer shall be liable to pay full remuneration to every such person during any period or periods not exceeding six weeks in the aggregate in any one year during which such person may be suffering from any disease or disablement commencing while such person is in his employment, notwithstanding that such person may have left his employment before the expiration of that time:

Provided that, if any such person is engaged for a term of not less than six months certain, the employer shall be liable to pay full remuneration during any period of disease or disablement lasting less than six weeks, and for the first six weeks of any period of disease or disablement lasting more than six weeks, notwithstanding that the aggregate exceeds six weeks, but, where any such period extends beyond the term of the engagement, the employer shall not be liable to make any payment in respect of any part thereof after the expiration of such term.

(4) This Part of this Act shall apply in respect of persons so employed as aforesaid, subject to the following modifications:—

(a) Sickness benefit shall not be payable in respect of any period during which full remuneration is payable by the employer under this section, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid for six weeks before the date as from which it becomes actually payable:

(b) The employed rate shall be reduced by two pence (or, where the employed contributor is a woman, one penny halfpenny):

- (c) The weekly contributions payable by the employer shall be reduced by one penny (or, where the employed contributor is a woman, one halfpenny), and the weekly contributions payable by the employed contributor shall be reduced by one penny:
- (d) There shall be credited to the approved society of which any such person is a member, or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions at such reduced rate actually paid in respect of him and the amount which would have been paid if those contributions had been at the full rate, and the amount of that difference shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament:
- (e) Contributions shall not be payable in respect of any period of disease or disablement during which full remuneration is payable under this section if the prescribed notice has been given:
- (f) The rules of an approved society or Insurance Committee as to notices and proof of disease and disablement may extend to periods of disease and disablement during which full remuneration is payable under this section.

(5) Where a person on ceasing to be so employed becomes temporarily unemployed, paragraphs (b) and (d) of the last foregoing subsection shall continue to apply in respect of him, and sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement commencing after he ceased to be so employed, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid during those six weeks, and notwithstanding anything in this Part of this Act a disease or disablement shall not, for the purposes of sickness benefit, be treated as a continuation of a previous disease or disablement unless the medical practitioner attending such person certifies that it in fact is so.

(6) Where such a person as aforesaid ceases to be employed within the meaning of this Part of this Act, and is entitled to become a voluntary contributor paying contributions at the employed rate, paragraphs (b) and (d) of subsection (4) shall, if he becomes a voluntary contributor, continue to apply in respect of him, and sickness benefit shall not be payable in respect of the first six weeks of any period of disease or disablement commencing after he became a voluntary contributor, but, for the purpose of calculating the rate and duration thereof, shall be deemed to have been paid during those six weeks, and, notwithstanding anything in this Part of this Act, a disease or disablement shall not, for the purposes of sickness benefit, be treated as a continuation of a previous disease or disablement unless the medical practitioner attending such person certifies that it in fact is so:

Provided that, if any such person at any time wishes to become an ordinary voluntary contributor, he may become such after the payment of twenty-six weekly contributions at the full rate, or, if the society of which

he is a member consents, after the payment of such less number of such contributions as the society may appoint.

(7) Where any employers wish to avail themselves of the provisions of this section as respects the persons employed by them in a class of employment, or in a locality, in which no such custom or practice as aforesaid exists, they may apply to the Insurance Commissioners, and the Commissioners, if, after ascertaining the views of the persons so employed, they think fit, may make a special order extending the provisions of this section as respects the applicants to the class of employment or locality mentioned in the application as if it were a class of employment or locality in which such a custom or practice as aforesaid prevailed.

(8) Any question as to whether an employer is entitled to avail himself of the provisions of this section as respects any persons employed by him shall be determined by the Insurance Committee, subject to appeal to the Insurance Commissioners.

(9) The payment of contributions purporting to be at the reduced rate authorized by this section as respects any persons employed by an employer in any class of employment, shall be conclusive evidence that he is, as respects those persons and all other persons employed by him in the same class of employment in the same locality, under the liability imposed by this section.

(10) An employer who has given such notice as aforesaid may, by giving three months' previous notice to the Insurance Committee, withdraw his notice as from the commencement of the next calendar year, and in such case, as from that date, this section shall cease to apply in respect of the persons employed by him in the class of employment to which the notice of withdrawal relates.

(11) None of the provisions of this section shall apply as respects any person employed at a rate of remuneration which is less than ten shillings a week.

(12) Nothing in this section shall relieve any employer from any legal liability to pay wages during sickness to any person employed by him in accordance with any established custom.

Notes on Section 47.—*This Section provides that the Insurance Commissioners may, from time to time (by Special Orders, Section 118), specify employments in which there is a custom of maintaining or paying workers in sickness, bringing such employments within the scope of the following provisions:*

The employer in such trades may elect to assume liability to pay his employees full pay during the first six weeks of their sickness (Subsection (3)). If he makes such election, reduced contributions are accepted in respect of his workers; if he refuses to accept such definite liability, then the ordinary contributions are payable. If the liability is accepted, the contributions of employer and employed (Subsection (4) (b) (c)) are reduced by, in the case of a male worker, one penny for the employer and one penny for the man, and in the case of a female worker, one halfpenny for the employer and one penny for the woman.

This modifying Section in no way worsens the position of the domestic servant, clerk, shop assistant, agricultural labourer, or other worker who comes under it. All the benefits of Section 8 remain intact, save that the employer's maintenance by full wages for six weeks takes the place of the first six weeks' money benefit.

Special provisions as to
the mercantile marine.

57 & 58 Vict.
c. 60.

Section 48.—In the application of this Part of this Act to masters, seamen, and apprentices to the sea service and the sea fishing service, the following provisions shall have effect:—

- (1) Neither sickness benefit nor disablement benefit shall be paid to a master, seaman, or apprentice suffering from any disease or disablement in respect of any period during which the owner of the ship is under the Merchant Shipping Act, 1894, as amended by any subsequent enactment, or otherwise, liable to defray the expense of the necessary surgical and medical advice and attendance and medicine, and of his maintenance, but, for the purpose of calculating the rate and duration of sickness benefit, such benefit shall be deemed to have been paid from the commencement of the disease or disablement until the determination of such liability as aforesaid, and he shall not be entitled to medical benefit during such period:
- (2) In the case of masters, seamen, and apprentices serving on foreign-going ships or ships engaged in regular trade on foreign stations, the employed rate and the employer's contributions shall each be reduced by one penny per week, and every four weekly contributions paid in any calendar year by a master, seaman, or apprentice whilst serving on such a ship shall, for the purposes of determining the number of contributions to be paid by him in that year and for the purposes of calculating arrears, be treated as five such contributions:

Provided that—

(a) nothing in this provision shall affect the number of employer's contributions to be paid in respect of such a master, seaman, or apprentice, but no employer's contributions paid in respect of any week in respect of which no contribution is payable by the master, seaman, or apprentice shall be taken into account in reckoning the amount of his arrears;

(b) there shall be credited to the approved society of which the master, seaman, or apprentice is a member, or, if he is a deposit contributor, to his account in the Post Office fund, a sum equal to two-fifths of the amount of the contributions actually paid in respect of him, and an equal sum shall be treated as having been expended on sickness benefit, and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament:

- (3) A master, seaman, or apprentice who is neither domiciled nor has a place of residence in the United Kingdom shall not be deemed to be employed within the meaning of this Part of this Act, but the employer shall be liable to pay the same contributions in respect of him as would otherwise have been payable by him as employer's contributions, except in cases where the ship is engaged in regular trade on foreign stations:
- (4) The Board of Trade shall, as soon as may be after the passing of this Act, cause a society to be formed, to be called the Seamen's National Insurance Society, of which any masters, seamen, and apprentices to the sea service and the sea fishing service who are employed within the meaning of this Part of this Act shall be entitled to become members, but nothing in this section shall prevent any such person joining another approved society instead of the society so formed:
- (5) The affairs of the Seamen's National Insurance Society shall be managed by a committee constituted in accordance with a scheme to be prepared by the Board of Trade with the approval of the Insurance Commissioners, comprising representatives of the Board of Trade, of shipowners, and of members of the society in equal proportions, and the society shall, notwithstanding anything in this Part of this Act, become an approved society :
- (6) All contributions paid by employers in respect of masters, seamen, or apprentices who are neither domiciled nor have a place of residence in the United Kingdom, and consequently deemed not to be employed within the meaning of this Part of this Act, shall be credited to the Seamen's National Insurance Society.
- (7) In addition to medical, sanatorium, sickness, disablement, and maternity benefits, members of the Seamen's National Insurance Society shall be entitled to such other benefits as may be provided under a scheme to be prepared by the committee of management, with the approval of the Board of Trade and the Insurance Commissioners, and such other benefits shall include pensions for masters and seamen with long sea service, and the scheme may provide for preference being given to masters and seamen who have served in foreign-going ships or ships engaged in foreign trade over those who have served in the coasting and home trade ships, and such preference may be proportionate to the length of time spent in the first-mentioned service :

Provided that—

- (a) the scheme shall provide for making a proper proportion of the sums credited to the Seamen's National Insurance Society under the last foregoing subsection applicable towards the payment of pensions or superannuation allowances granted by other approved societies to members with such sea service that, had they been members of the Seamen's National Insurance Society,

they would have been entitled to pensions under the scheme'; and

(b) in the case of the transfer of a member of the society to another approved society, the transfer value payable in respect of him shall be calculated with reference to the liabilities of the society for benefits other than such pensions as aforesaid:

- (8) The rules of the Seamen's National Insurance Society shall provide for allowing a member who leaves the sea service and is unable to obtain admission to another approved society on account of the state of his health to continue a member of the Seamen's National Insurance Society for the purposes of this Part of this Act, and the rules of that society may provide that a member of the society who has fulfilled the conditions entitling him to such pension as aforesaid shall not be deprived of his right to the pension by reason only that he has ceased to be a member of the society at the time when the pension first becomes payable or ceases so to be at any subsequent time.
- (9) Where a master, seaman, or apprentice is at the commencement of this Act a member of a society which becomes an approved society he may, if that society and the Seamen's National Insurance Society so agree, continue to be a member of the first-mentioned society for the purposes of benefits under this Part of this Act other than pension, and become a member of the last-mentioned society for the purposes of pension only, and in such case the balance of the contributions payable in respect of him (after deducting the sums to be retained by the Insurance Commissioners towards discharging their liabilities in respect of reserve values) shall be divided between the two societies in such proportion as they may agree.
- (10) Expressions in this section have the same meaning as in the Merchant Shipping Acts, 1894 to 1907, but the expressions "foreign-going ships" and "home trade ships" include ships engaged in the sea fishing service, and the expression "ship engaged in regular trade on foreign stations" means a ship engaged regularly in trade between ports outside the British Islands when trading between such ports, but, for the purposes of this provision, a ship shall not be deemed not to be engaged in such a trade by reason only that she puts into a port in the United Kingdom for the purpose of survey or repair.
- (11) The provisions of this Part of this Act affecting the employed rate and the rates of contributions of employers and contributors in Ireland, and depriving insured persons in Ireland of medical benefit, shall not apply to any such master, seaman, or apprentice, unless he has a permanent place of residence in Ireland and is not a member of the Seamen's National Insurance Society; and, in the case of a master, seaman, or apprentice serving on a foreign-going ship or a ship engaged in foreign trade to whom

such provisions do apply the amount by which the employed rate and the employer's contributions are to be reduced shall be one halfpenny a week.

- (12) Members of the Seamen's National Insurance Society shall, for the purposes of this Part of this Act, be deemed to reside in England, and the medical benefit and sanatorium benefit of such members shall be administered by the society instead of by the Insurance Committee, and the provisions of this Part of this Act relating to the administration of those benefits shall apply accordingly subject to such modifications as may be prescribed; but nothing in this provision shall prevent the society agreeing with Insurance Committees for the administration of those benefits by the Committees in relation to individual members of the society.

Notes on Section 48.—*This Section arranges a special scheme for the Mercantile Marine in view of the degree of insurance which the seaman in the foreign shipping trade already enjoys through the Merchant Shipping Act. It sets up a separate Seamen's Insurance Fund (Subsection (4)), which fund will be fed by reduced contributions from shipowners and seamen. Only British seamen are to be insured, but in order that foreign seamen shall not therefore obtain a preference in employment, the shipowner will have to contribute to the fund for foreign as well as for British seamen.*

The seaman in the foreign trade is to contribute (Subsection (2)) 4d. a week, but four contributions are to count as five, while the shipowner's contribution is to be 2d. a week instead of 3d.

In view of the obligations which already rest upon shipowners under the Merchant Shipping Act, these contributions will be sufficient, not only to raise seamen's health insurance to the level enjoyed by landsmen under the Act, but in addition to provide seamen with long-service pensions (Sub-section (7)).

A Committee of Management is to be formed (Subsection (5)) composed of representatives of the Board of Trade and of masters and men in equal proportions, and this Committee is empowered to prepare a scheme of benefits.

What has been stated above as to reduction of contributions refers to the foreign shipping trade only. In the coasting and home trades the usual contributions have to be paid, as the legal liability under the Merchant Shipping Act does not in their case give sufficient relief to make reductions possible. These ordinary contributors in the coasting and home trades do not go into the Seamen's National Insurance Society, unless the individual seaman chooses that Society as his Approved Society.

Section 49.—(1) If any person who is of the age of sixty-five or upwards and under the age of seventy at the commencement of this Act is employed within the meaning of this Part of this Act, the like contributions shall, until he attains the age of seventy, be payable by his employer in respect of him as in the case of employed contributors, and

Provisions
as to persons
over sixty-
five at com-
mencement
of Act.

the provisions of this Part of this Act relating to the payments of contributions and the recovery thereof shall apply accordingly.

(2) For every weekly contribution made by or in respect of such a person, there shall be contributed out of moneys provided by Parliament the sum of two pence.

(3) If such a person becomes a member of an approved society for the purposes of this section all contributions payable in respect of him under this section (including contributions out of moneys provided by Parliament) shall be credited to the society, and he shall become entitled to such benefits as the society may determine, but no reserve value shall be credited to the society in respect of him and no part of the contributions payable in respect of him shall be retained by the Insurance Commissioners towards the discharge of their liabilities in respect of reserve values.

(4) If such a person does not become a member of an approved society as aforesaid he shall become a deposit contributor, and accordingly all contributions payable in respect of him (including contributions out of moneys provided by Parliament) shall be carried to his credit in the Post Office fund, but the benefits to which he becomes entitled shall be such as may be determined by the Insurance Committee.

(5) No part of the cost of benefits under this section shall be payable out of moneys provided by Parliament.

Notes on Section 49.—*This Section makes special arrangements for those employed persons who are aged over 65 but not over 70.*

These persons do not come under the ordinary scheme of benefits, and the State contributes in respect of them in a different way (Subsection (2)). Instead of contributing towards benefits, the State adds 2d. to each weekly contribution of 7d. by employer and employee (6d. in the case of a woman).

If the persons become members of Approved Societies, the Societies shall grant such benefits as the contributions will pay for. Failing membership of a Society, the persons will be dealt with by the Insurance Committees on the deposit plan, such benefits being paid as the Committees determine.

Special
provisions as
to seasonal
trades.

Section 50.—Where it is proved to the satisfaction of the Insurance Commissioners that a trade or business carried on by any employers is of a seasonal nature and subject to periodical fluctuation, and that those employers systematically employ persons throughout the year and work short time during the season when the trade or business is depressed, the Insurance Commissioners may make a special order reducing, as respects such persons, the employed rate and the contributions payable by the employers and contributors to such extent and for such period in the year as may be specified in the order, and increasing such rate and contributions to a corresponding extent and for a corresponding period during the remainder of the year, and the order may contain such incidental, supplemental, and consequential provisions as may appear necessary for adapting the other provisions of this Part of this Act to cases under this section.

Section 51.—(1) Where the managers of any institution carried on for charitable or reformatory purposes prove that the persons who are inmates of and supported by the institution receive maintenance and medical attendance when sick, the Insurance Commissioners may grant a certificate of exemption to those managers, and, where such a certificate of exemption is granted, any such inmates who are employed by the managers of the institution shall not, in respect of such employment, be deemed to be employed within the meaning of this Part of this Act:

Special provisions as to inmates of charitable homes, &c.

Provided that it shall be a condition of such exemption that the managers shall be liable to pay in respect of any such inmate who, having been an inmate of the institution for more than six months, leaves the institution, the following sums:—

- (a) In the case of a person who was at the time of entering the institution below the age of sixteen, such capital sum as will be sufficient to secure him benefits under this Part of this Act at the full rate;
 - (b) In the case of a person who was at the time of entering the institution of the age of sixteen or upwards, and who was at that time an insured person and a member of an approved society, a sum equal to the value, calculated in the prescribed manner, of the contributions which, apart from this section, would have been payable in respect of him during the time he was in the institution.
- (2) Every such inmate as aforesaid shall, if he was an insured person before entering the institution, be suspended from benefits whilst he is such an inmate, and, if he was at such a time a member of an approved society and has been an inmate of the institution for a period exceeding six months, the time during which he is in the institution shall be disregarded for the purpose of reckoning arrears.

Section 52.—Where a person who has been employed to teach in a public elementary school ceases to be employed within the meaning of this Part of this Act by reason of becoming a teacher to whom the Elementary School Teachers (Superannuation) Act, 1898, applies and does not become a voluntary contributor, there shall be paid to the Board of Education by the approved society of which he is a member or, if he is not a member of an approved society, out of the amount standing to his credit in the Post Office fund, a sum equal to the value calculated in the prescribed manner of the contributions paid by or in respect of him under this Part of this Act since he first began to teach in a public elementary school, or, if the amount standing to his credit is less than that sum, then the whole amount so standing to his credit; and the sum so paid to the Board of Education shall be placed by them to his credit in the Deferred Annuity fund in accordance with the rules for the time being applicable thereto.

Special provision as to persons becoming certificated teachers.
61 & 62 Vict. c. 57.

Section 53.—(1) This Part of this Act shall apply to persons employed by or under the Crown, other than those with respect to whom special provision is made by this Part of this Act, in like manner as if the employer were a private person :

Application to other persons in the service of the Crown.

Provided that, in the case of a person employed in the private service of the Crown, the head of the department of the Royal Household in which he is employed shall be deemed to be his employer.

(2) The provisions of this Act relating to reduced insurance in cases where the employer is liable to pay wages during sickness shall extend in respect of persons employed by or under the Crown to cases where two-thirds only of the full remuneration are payable during periods, or parts of periods, of disease or disablement, if such remuneration is so payable for not less than three months in any year, and those provisions shall apply accordingly as if two-thirds of the full remuneration were substituted for the full remuneration and as if three months were substituted for six weeks as the maximum amount of time during any year such remuneration is payable.

FINANCIAL PROVISIONS.

National Health Insurance Fund.

Section 54.—(1) All sums received in respect of contributions under this Part of this Act and all sums paid out of moneys provided by Parliament under this Part of this Act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the National Health Insurance Fund, under the control and management of the Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and insurance committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

(2) The sums payable to the said fund out of moneys provided by Parliament shall be paid in such manner and at such times as the Treasury may determine.

(3) The Insurance Commissioners shall ascertain periodically what sums standing in the National Health Insurance Fund to the credit of the several societies and of the Post Office fund and of the Navy and Army Insurance Fund are available for investment, and the amount so ascertained shall, so far as not required under the provisions of this Part of this Act to be paid over to societies for investment, or to be retained for investment on their behalf, or for the discharge of liabilities of societies, be carried to a separate account, called the Investment Account, and shall be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorized by Parliament as investments for Savings Banks funds, but those Commissioners shall, in making the investment, give preference to stock or bonds issued under the provisions of the Acts relating to borrowing for raising capital for the purposes of the local loans fund where the purposes for which such capital is required is the making of advances for the purposes of the Housing of the Working Classes Acts, 1890 to 1909:

Provided that nothing in this provision shall prevent the Insurance Commissioners paying over to the National Debt Commissioners for temporary investment, pending the ascertainment of the amount available for investment as aforesaid, any sums in the National Health Insurance Fund not required to meet current liabilities.

(4) There shall be credited to the Post Office fund and to the Navy and Army Insurance Fund interest at the prescribed rate per annum on the sums from time to time standing to the credit of those funds in the Investment Account.

(5) The accounts of the National Health Insurance Fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct.

(6) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Notes on Section 54.—As the contributions pass to the Post Office through the purchase of the necessary stamps by employers, the Post Office will hand over the insurance moneys it thus collects to the various Boards of Insurance Commissioners. These moneys, together with the Exchequer grants, will form the National Health Insurance Funds.

This Section provides that the Insurance Commissioners may hand over any part of the fund (except the part which the Societies have the right to invest themselves, viz., their own members' contributions) to the National Debt Commissioners for investment in proper securities. The Commissioners, in making such investments, are to give preference to loans raised for the purpose of Housing (Subsection (3)).

Section 55.—(1) The Insurance Commissioners shall cause tables to be prepared showing, in cases in which such provision is necessary, the capital sums (in this Part of this Act referred to as "reserve values") which it is necessary to provide in respect of members entering into insurance at ages over the age of sixteen to meet the estimated loss (if any) arising through the acceptance by an approved society of such persons as members upon the terms and conditions as regards contributions and benefits prescribed by this part of this Act.

(2) On a person of the age of seventeen or upwards joining an approved society for the purposes of this Part of this Act, there shall be credited to the society the reserve value (if any) appropriate to such person in accordance with such tables.

The sums so credited to a society in respect of reserve values shall carry interest at the rate of three per centum per annum.

(3) Out of each weekly contribution paid by or in respect of an insured person who is a member of an approved society (other than a voluntary contributor who entered into insurance within six months after the commencement of this Act and at the date of that entry was of the age of forty-five years or upwards) there shall be retained by the Insurance Commissioners the sum of one penny and five-ninths (or in the case of women one penny halfpenny), and the amounts so retained shall, together with any other moneys available for the purpose, be applied in manner provided by this Part of this Act towards discharging the liabilities of the Insurance Commissioners to approved societies in respect of the reserve values created by this section.

(4) The Insurance Commissioners shall periodically apportion amongst the several societies, including the Navy and Army Insurance Fund, the sums retained by them, and the sums (if any) otherwise available for the discharge of such liabilities as aforesaid, in proportion to the amount of reserve values for the time being credited to the several societies, and shall credit to each society the amount so apportioned, and any balance of the sum so credited to a society, after providing for interest on the reserve values for the time being credited to the society, shall be written off the amount of the reserve values so credited.

(5) If any person is convicted of the offence of knowingly making any false statement as to his age in any declaration made for the purpose of obtaining a reserve value to be credited to an approved society in respect of him, the reserve value shall be cancelled, and the member of the society in respect of whom it was credited shall be treated as if he had entered into insurance after the expiration of one year from the commencement of this Act.

Notes on Section 55.—*This important Section deals with the equalization of the age factor at the beginning of the Act's operations.*

The Act when it comes into force on July 15, 1912, will find the persons insured under it at all ages between 16 and 65. This Section makes them all of one insurance age—16 years—by crediting all persons over 16 with such reserves as they would have accumulated if they had been contributing since the age of 16 (Subsection (1)).

When the insured person joins a Society, he will take this appropriate reserve with him (Subsection (2)), so that Approved Societies may be quite indifferent as to the age of new members.

The paper debt created by crediting these reserves is to be liquidated (Subsection (3)) by a small deduction from each weekly contribution.

From a man's contribution of 7d., 1½d.

" woman's " " 6d., 1½d.

Thus each contributor, of whatever age, pays equally that all may enjoy a level start in 1912.

It is estimated that the entire burden of the age factor will be liquidated in about 18 years. Larger benefits will then be payable, since the benefit fund will automatically increase (Section 8 (9)).

Transactions
between the
Insurance
Commiss-
sioners and
societies.

Section 56.—(1) The Insurance Commissioners shall, subject to the approval of the Treasury, make regulations with respect to crediting and debiting to the several societies sums received and paid by the Insurance Commissioners on behalf of and to societies and as to the payments to be made by and to the Commissioners to and by societies, and those regulations shall, amongst other things,—

- (a) provide for crediting to each society the contributions paid by or in respect of the members of the society after deducting the amounts retained thereout for discharging the liabilities of the Insurance Commissioners in respect of reserve values;

- (b) require the Insurance Commissioners, on carrying any sum to the credit of an approved society in the investment account, to pay over to the society for investment, or at the request of the society, to retain for investment on behalf of the society, four-sevenths, or, so far as the sums are attributable to women, one-half, of the amount so credited to the society;
- (c) provide for crediting to each society interest at the prescribed rate per annum on the sums for the time being standing to the credit of the society in the investment account;
- (d) provide for the discharge of debit balances in such manner as the Insurance Commissioners determine, either by the reduction of the reserve values credited to the society or out of the proceeds of the realization of securities held by the society or by the Commissioners on behalf of the society, and out of the sums standing to the credit of the society in the investment account, proportionately:

Provided that, in the case of any society which gives notice to that effect to the Insurance Commissioners, no part of the sums carried to the credit of the society in the investment account shall be paid over to the society or retained by the Commissioners for investment on its behalf, but the whole amount shall remain to the credit of the society in the investment account, and in such case the regulations made under the foregoing provisions shall apply to the society subject to the prescribed modifications.

(2) Every approved society shall invest any sums paid to the society for investment, and shall for the purpose have power to invest in any securities in which trustees are for the time being by law empowered to invest trust funds, or in any stocks, mortgages, or other securities issued by any local authority within the meaning of the Local Loans Act, 1875, and charged on any rates levied by or on the order or precept of such authority, or in any other securities for the time being approved by the Insurance Commissioners.

38 & 39 Vict.
c. 83.

(3) Where, at the request of a society, the Insurance Commissioners instead of paying over any sum to the society retain such sum for investment on behalf of the society, they shall invest such sum in accordance with the directions of the society in any securities in which the society might have invested it had it been paid over to the society, and shall from time to time vary such investments in accordance with the like directions, and shall pay over to the society all sums received by way of interest or dividend on the investments held by them on behalf of the society.

(4) Every approved society shall apply the sums received by way of interest or dividend on investments held by the society or by the Insurance Commissioners on behalf of the society towards the cost of the benefits under this Part of this Act of the members of the society and the cost of the administration of those benefits, or otherwise, as the Insurance Commissioners may prescribe.

Note on Section 56.—By Subsection (1) (b) of this Section, the Approved Societies may invest the contributions (the fourpences and three-

pences, that is) of their own members. It is earnestly to be hoped, however, that Approved Societies will have the sense to leave such moneys in the hands of the Commissioners for investment.

INSURANCE COMMISSIONERS : ADVISORY COMMITTEE.

Constitution
of Insurance
Commis-
sioners,
appointment
of inspectors,
&c.

Section 57.—(1) As soon as may be after the passing of this Act there shall be constituted for the purposes of this Part of this Act Commissioners (to be called the Insurance Commissioners), with a central office in London, and with such branch offices as the Treasury may think fit, and the Commissioners shall be appointed by the Treasury, and of the Commissioners so appointed one at least shall be a duly qualified medical practitioner who has had personal experience of general practice.

(2) The Insurance Commissioners may sue and be sued, and may for all purposes be described by that name, and shall have an official seal which shall be officially and judicially noticed, and such seal shall be authenticated by any Commissioner or the secretary to the Commissioners, or some person authorized by the Commissioners to act on behalf of the secretary.

(3) The Insurance Commissioners may appoint such officers, inspectors, referees, and servants, for the purposes of this Part of this Act as the Commissioners, subject to the approval of the Treasury as to number, may determine, and there shall be paid out of moneys provided by Parliament to the Commissioners and to such officers, inspectors, referees, and servants, such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Treasury (including the remuneration of valuers and auditors appointed by the Treasury) or the Commissioners in carrying this Part of this Act into effect, to such extent as the Treasury may sanction, shall be defrayed out of moneys provided by Parliament.

(4) Every document purporting to be an order or other instrument issued by the Insurance Commissioners and to be sealed with the seal of the Commissioners authenticated in manner provided by this section, or to be signed by the secretary to the Commissioners or any person authorized by the Commissioners to act on behalf of the secretary, shall be received in evidence and be deemed to be such order or instrument without further proof, unless the contrary is shown.

(5) The Insurance Commissioners may empower any inspector appointed by them to exercise in respect of any approved society or any branch of an approved society all or any of the powers given by section seventy-six of the Friendly Societies Act, 1896, to an inspector appointed thereunder:

Provided that any complaint or report as to any such branch as aforesaid made by an inspector under this subsection shall be communicated to the central body or other central authority of the society.

59 & 60 Vict.
c. 25.

Note on Section 57.—Observe that by Sections 80, 81, and 82, separate Boards of Insurance Commissioners are set up for Scotland, Ireland, and Wales respectively.

Section 58.—The Insurance Commissioners shall, as soon as may be after the passing of this Act, appoint an Advisory Committee for the purpose of giving the Insurance Commissioners advice and assistance in connection with the making and altering of regulations under this Part of this Act, consisting of representatives of associations of employers and approved societies, of duly qualified medical practitioners who have personal experience of general practice, and of such other persons as the Commissioners may appoint, of whom two at least shall be women.

Appoint-
ment of
Advisory
Committee.

INSURANCE COMMITTEES.

Section 59.—(1) An Insurance Committee shall be constituted for every county and county borough.

Appoint-
ment of
Insurance
Committees.

(2) Every such committee shall consist of such number of members as the Insurance Commissioners, having regard to the circumstances of each case, determine, but in no case less than 40 or more than 80, of whom—

- (a) three-fifths shall be appointed in such manner as may be prescribed by regulations of the Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors, in proportion, as nearly as may be, to their respective numbers;
- (b) one-fifth shall be appointed by the council of the county or county borough;
- (c) two members shall be elected in manner provided by regulations made by the Insurance Commissioners, either by any association of duly qualified medical practitioners resident in the county or county borough which may have been formed for that purpose under such regulations, or, if no such association has been formed, by such practitioners;
- (d) one member or, if the total number of the committee is sixty or upwards, two members, or, if the total number of the committee is eighty, three members, shall be duly qualified medical practitioners appointed by the council of the county or county borough;
- (e) the remaining members shall be appointed by the Insurance Commissioners:

Provided that—

- (i) The regulations with respect to the appointment of members to represent insured persons shall provide for conferring on the approved societies which have members resident in the county or county borough the power of appointing the representatives of such members, and, where an association of the deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid, for conferring on such association the power of appointing the representatives of the deposit contributors.

- (ii) Of the members appointed by the council of the county or county borough two at least shall be women, and of the members appointed by the Insurance Commissioners one at least shall be a duly qualified medical practitioner and two at least shall be women.
- (3) The Insurance Commissioners may, where any part of the cost of medical benefit or sanatorium benefit is defrayed by the council of the county or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons.

(4) The Insurance Commissioners may make regulations as to the appointment, quorum, term of office, and rotation of members and proceedings generally (including the appointment of sub-committees consisting wholly or partly of members of the committee) of the committee, and the employment of officers and the provision of offices by the committee, including the use by the committee, with or without payment, of any offices of a local authority, but subject to the consent of such authority, and any such regulations may provide for the constitution of district insurance committees, and for apportioning amongst the several district insurance committees any of the powers and duties of the Insurance Committee and regulating the relations of district insurance committees to the Insurance Committee and to one another:

Provided that the regulations so made shall require the Insurance Committee of every county (except in cases where, owing to special circumstances, the Commissioners consider it unnecessary) within six months after the commencement of this Act to prepare after consultation with the county council and submit for approval to the Commissioners a scheme for the appointment of district insurance committees for the county and prescribing the area to be assigned to each such committee, and in particular the scheme shall provide for the appointment of a district insurance committee for each borough (including the City of London and a metropolitan borough) within the county having a population of not less than ten thousand, and for each urban district within the county with a population of not less than twenty thousand, but, if the Insurance Committee or, on appeal, the Insurance Commissioners consider it expedient in the case of any such borough (outside London) or urban district, any adjoining areas may be grouped with such borough or urban district for the purpose of the appointment of a district insurance committee.

(5) Any Insurance Committee may, and shall if so required by the Insurance Commissioners, combine with any one or more other Insurance Committees for all or any of the purposes of this Part of this Act, and, where they so combine, the provisions of this Part of this Act shall apply with such necessary adaptations as may be prescribed.

Notes on Section 59.—*This Section makes a far-reaching provision in setting up for each County and County Borough what is termed an "Insurance Committee," which is charged generally with the oversight of the health of insured persons in its area.*

These Insurance Committees are supplemental to existing Local Health Authorities, but they will not diminish the functions of Local Authorities.

By Subsection (2) it will be seen that insured persons have a majority representative on the Committees. Thus the Societies which are so much interested in maintaining health are given power to make their interest felt.

The Insurance Committees (Subsection (4)) in consultation with the Local Authority, are to divide their areas into suitable districts and appoint a "District Committee" to each.

Section 60.—(1) The Insurance Committee of a county or county borough shall, in addition to the other powers and duties conferred and imposed on it by this Part of this Act, have the following powers and duties :—

**Powers and
duties of
Insurance
Committees.**

(a) It shall make such reports as to the health of insured persons within the county or county borough as the Insurance Commissioners, after consultation with the Local Government Board, may prescribe, and shall furnish to them such statistical and other returns as they may require, and may make to them such other reports on the health of such persons and the conditions affecting the same, and may make such suggestions with regard thereto as it may think fit, and the Insurance Commissioners shall forward to the councils of the counties, boroughs, and urban and rural districts, which appear to them to be affected by or interested in any such reports, returns, or suggestions, copies of such reports, returns, and suggestions, and the reports and returns so made shall include such reports and returns as will enable an analysis and classification to be made of the persons who are deposit contributors :

(b) It shall make such provision for the giving of lectures and the publication of information on questions relating to health as it thinks necessary or desirable, and may, if it thinks fit, for that purpose make arrangements with local education authorities, universities, and other institutions :

(c) It shall keep proper books and accounts in the prescribed form and shall, when required, submit such accounts to audit by auditors appointed by the Treasury.

(2) For the purpose of assisting Insurance Committees in the exercise and performance of their powers and duties under this Part of this Act, and with a view to promoting co-operation between such committees and the councils of counties, boroughs, and urban and rural districts, any medical officer of health may, at the request of an Insurance Committee and with the consent of the council by whom he is appointed, attend meetings of the committee and give such advice and assistance as is in his power.

(3) For the purposes of this section, the council of a borough includes the mayor, aldermen, and commons of the City of London in common council assembled, and the council of a metropolitan borough.

Notes on Section 60.—The power and duties of Insurance Committees are not only those mentioned in this Section. The Committees will control the expenditure upon the Sanatoria scheme (but not the distribution of the grants for building the Sanatoria, which is a function of the Local Government Board) and will administer the medical benefits (Sections 15 & 16).

The Insurance Committees also administer all benefits for the Deposit Contributors (Section 42).

They will be able to ask for a public inquiry in cases of excessive local sickness (Section 63) due to neglect of the Public Health or Housing Acts, and if a case is proved against the Local Authority, that Authority will have to reimburse the Insurance Committees concerned for any extra cost which they have incurred through the excessive sickness.

Income.

Section 61.—(1) All sums available for sanatorium benefit in a county, or county borough, and all sums payable in respect of the members of approved societies and deposit contributors resident in the county or county borough for the purposes of medical benefit and administrative expenses in any year, shall be paid or credited to the Insurance Committee at the commencement of that year.

(2) There shall also be paid to the Insurance Committee in every year by each Approved Society having members who are insured persons resident in the county or county borough, in respect of each such member, the sum of one penny towards the administrative expenses of the committee:

Provided that, if the special circumstances of any county are such that the Insurance Commissioners consider that the travelling expenses of the members of the committee should be repaid to them by the committee, the Insurance Commissioners may authorize such repayment, and in such case may increase the said sum of one penny to such sum, not exceeding twopence, as they may determine.

(3) It shall be lawful for any local authority, out of any fund or rate out of which the expenses of the authority are payable, to subscribe such sums as it may think fit towards the general purposes of the Insurance Committee.

Notes on Section 61.—This Section should be read with Section 15, Section 17, and Section 42, which refer to Medical Benefit and Sanatorium Benefit and the Deposit Contributors respectively, and which authorize the Insurance Committees to request the Treasury and Local Authority to defray any additional expenditure they incur in respect of medical expenses over and above what is provided by the Approved Societies.

Subsection (3) authorizes the Local Authority to subscribe to the funds of the Insurance Committee.

**Local
medical
committees.**

Section 62.—Where a local medical committee has been formed for any county or county borough or for any area for which a district committee has been formed and the Insurance Commissioners are satisfied

that such committee is representative of the duly qualified medical practitioners resident in the county or county borough or such area as aforesaid, they shall recognize such committee, and, where a local medical committee has been so recognized, it shall, subject to regulations made by the Insurance Commissioners, be consulted by the Insurance Committee or district committee, as the case may be, on all general questions affecting the administration of medical benefit, including the arrangements made with medical practitioners giving attendance and treatment to insured persons, and shall perform such other duties, and shall exercise such powers, as may be determined by the Insurance Commissioners.

EXCESSIVE SICKNESS.

Section 63.—(1) Where it is alleged by the Insurance Commissioners or by any approved society or Insurance Committee that the sickness which has taken place among any insured persons, being, in the case where the allegation is made by a society or committee, persons for the administration of whose sickness and disablement benefits the society or committee is responsible, is excessive, and that such excess is due to the conditions or nature of employment of such persons, or to bad housing or insanitary conditions in any locality, or to an insufficient or contaminated water supply, or to the neglect on the part of any person or authority to observe or enforce the provisions of any Act relating to the health of workers in factories, workshops, mines, quarries, or other industries, or relating to public health, or the housing of the working classes, or any regulations made under any such Act, or to observe or enforce any public health precautions, the Commissioners or the society or committee making such allegation may send to the person or authority alleged to be in default a claim for the payment of the amount of any extra expenditure alleged to have been incurred by reason of such cause as aforesaid, and, if the Commissioners, society, or committee and such person or authority fail to arrive at any agreement on the subject, may apply to the Secretary of State or the Local Government Board, as the case may require, for an inquiry, and thereupon the Secretary of State or Local Government Board may appoint a competent person to hold an inquiry.

Inquiries
into causes
of excessive
sickness, &c.

(2) If, upon such inquiry being held, it is proved to the satisfaction of the person holding the inquiry that the amount of such sickness has—

- (i) during a period of not less than three years before the date of the inquiry; or
- (ii) if there has been an outbreak of any epidemic, endemic or infectious disease, during any less period;

been in excess of the average expectation of sickness by more than ten per cent., and that such excess was in whole or in part due to any such cause as aforesaid, the amount of any extra expenditure found by the person holding the inquiry to have been incurred under this Part of this Act by any societies or committees where the allegation is made by the Insurance Commissioners, or, if the allegation is made by a society or committee, by

the society or committee in question, by reason of such cause shall be ordered by him to be made good in accordance with the following provisions :—

- (a) Where the excess or such part thereof as aforesaid is due to the conditions or nature of the employment or to any neglect on the part of any employer to observe or enforce any such Act or regulation as aforesaid, it shall be made good by the employer:
 - (b) Where such excess or such part thereof as aforesaid is due to bad housing or insanitary conditions in the locality, or to any neglect on the part of any local authority to observe or enforce any such Act or regulation or such precautions as aforesaid, it shall be made good by such local authority as appears to the person holding the inquiry to have been in default, or, if due to the insanitary condition of any particular premises, shall be made good either by such authority or by the owner, lessee, or occupier of the premises who is proved to the satisfaction of the person holding the inquiry to be responsible:
 - (c) Where the excess or such part thereof as aforesaid is due to an insufficient or contaminated water supply, it shall be made good by the local authority, company, or person by whom the water is supplied, or who having imposed upon them the duty of affording a water supply have refused or neglected to do so, unless the local authority, company, or person prove that such insufficiency or contamination was not due to any default on the part of the authority, company, or person, but arose from circumstances over which they had no control.
- (3) Where any such inquiry as aforesaid is held in respect of bad housing or insanitary conditions in any locality, it shall be lawful for the local authority to serve notice upon the owner, lessee, or occupier of any premises which are the subject-matter of the inquiry, and, where it is proved that such a notice has been served and that any such extra expense as aforesaid, or any part thereof, has been caused by the act or default of such owner, lessee or occupier, the person holding the inquiry may order the owner, lessee or occupier to repay to the local authority the amount of the extra expenditure or part thereof which has been so caused.
- (4) For the purpose of this section, the average expectation of sickness shall be calculated in accordance with the tables prepared by the Insurance Commissioners for the purpose of valuations under this Part of this Act, but any excessive sickness attributable to any disease or disablement which is due to any disease or injury in respect of which damages or compensation are payable under the Employers' Liability Act, 1880, or the Workmen's Compensation Act, 1906, or at common law, shall not be taken into account.
- (5) The Insurance Commissioners shall make regulations as to the procedure on inquiries under this section, and a person holding an inquiry under this section shall have all such powers as an inspector of the Local Government Board has for the purposes of an inquiry under the Public Health Acts, and shall have power to order how and by what parties costs, includ-

ing such expenses as the Secretary of State or Local Government Board may certify to have been incurred by them, are to be paid, and an order made by such person under this section may, by leave of the High Court, be enforced in the same manner as a judgment or order of the Court to the same effect:

Provided that a society or committee shall not be ordered to pay the costs of the other party to the inquiry if the person holding the inquiry certifies that the demand for an inquiry was reasonable under the circumstances, and, when he so certifies, the Treasury may repay to the society or committee the whole or any part of the costs incurred by it.

(6) Without prejudice to any other method of recovery, any sum ordered under this section to be paid by a local authority may, in accordance with the regulations of the Local Government Board with the approval of the Treasury, be paid out of the Local Taxation Account and deducted from any sums payable either directly or indirectly out of that account to the local authority.

(7) For the purposes of this section, any expenditure on any benefit administered by an Insurance Committee shall be deemed to be expenditure of that Committee, but any sums paid to any such Committee under this section to meet extra expenditure on sickness benefit or disablement benefit shall be dealt with for the benefit of deposit contributors in accordance with regulations made by the Insurance Commissioners.

(8) Where under this section any sum is paid to the Insurance Commissioners, the Insurance Commissioners shall apply the same in discharge of any expenses incurred by the Commissioners under this section and shall distribute the balance amongst the societies and committees which appear to the Commissioners to have incurred extra expense on account of the excessive sickness in such proportions as the Commissioners think just.

(9) Where an association of deposit contributors resident in any county or county borough has been formed under regulations made by the Insurance Commissioners, the Insurance Committee for the county or county borough shall, if so required by the association, take proceedings under this section on behalf and at the expense of the association.

Notes on Section 63.—This "Excessive Sickness" Section is an exceedingly interesting experiment. It gives important and far-reaching powers to the Insurance Commissioners, the Insurance Committees, and to Approved Societies to recover undue costs entailed upon them by "excessive sickness" due to neglect.

Observe that by (Subsection (1)) a very wide meaning attaches to the words—

"person or authority alleged to be in default."

Such person or authority may be, by the terms of the Subsection—

(1) *A private individual in the capacity of*

- (a) *Houseowner,*
- (b) *Employer,*
- (c) *Foul or a water-supply, creator of a nuisance, &c.*

- (2) *A firm or company in the capacity of*
 - (a) *Houseowners,*
 - (b) *Employers,*
 - (c) *Foulers of water-supply, creators of a nuisance, &c.*
- (3) *A water authority, either municipal or joint-stock.*
- (4) *A Local Authority, either in respect of bad water-supply, inefficient sanitation, neglect of Housing Acts, neglect of Public Health Acts, neglect of Factory Act, neglect of Mines Act, &c.*

Subsection (1) thus states the causes affecting insured persons in respect of which the Insurance Commissioners, Insurance Committees, or Approved Societies may act—

- (1) *Conditions or nature of employment,*
- (2) *Bad housing,*
- (3) *Insanitary conditions,*
- (4) *Insufficient or contaminated water-supply,*
- (5) *Neglect of Factory Act,*
- (6) *Neglect of Mines Act,*
- (7) *Neglect of Public Health Acts,*
- (8) *Neglect of Housing Acts,*
- (9) *Neglect of "public health precautions."*

"Excessive Sicknss" is defined in Subsections (2) and (4) to be an excess of 10 per cent. above average expectation as calculated by the Insurance Commissioners.

The procedure is—

- (1) *A claim by the Commissioners, Committee, or Society against the person or authority alleged to be in fault.*
- (2) *If the claim is disputed, the Commissioners Committee, or Society may apply to the appropriate Government Department, either the Home Office or Local Government Board, for an inquiry.*
- (3) *If the official inquirer finds that for 3 years before the inquiry, or, in the case of an outbreak of epidemic, endemic, or infectious disease, for a less period, "excessive sickness," as above defined, has occurred, the cost of it shall be made good by the responsible person or authority (Subsection (2) (a) (b) (c)).*

Under Subsection (3) a Local Authority called to account in respect of bad housing or insanitation may summon the owners of insanitary property before the Commissioners who hold the inquiry, and if the case is proved against the owners pass on to them the levy made upon them by the Insurance Committee.

Observe that an Insurance Committee which recovers money in this way must spend it on Deposit Contributors; an Approved Society may apply such money for the good of its members; the Commissioners shall first defray their costs in the inquiry and distribute the balance to the Committees and Societies of the locality concerned (Subsections (7) (8)).

SUPPLEMENTARY PROVISIONS.

Section 64.—(1) If under any other Act of the present session any sum is made available for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board with the approval of the Treasury may appoint, such sum shall be distributed by the Local Government Board with the consent of the Treasury in making grants for those purposes, and the Treasury before giving their consent shall consult with the Insurance Commissioners.

Provided that such sum shall be apportioned between England, Wales, Scotland, and Ireland in proportion to their respective populations ascertained in accordance with the returns of the census taken in the year nineteen hundred and eleven.

(2) If any such grant is made to a county council, the Local Government Board may authorize the county council to provide any such institution, and, where so authorized, the county council shall have power to erect buildings and to manage and maintain the institution and for that purpose to enter into agreements and make arrangements with Insurance Committees and other authorities and persons, and to do all such things as may be necessary for the purposes aforesaid, and any expenses of the county council, so far as not defrayed out of the grant, shall be defrayed out of the county fund as expenses for general county purposes, or, if the order of the Local Government Board so directs, as expenses for special county purposes charged on such part of the county as may be provided by the order.

(3) For the purpose of facilitating co-operation amongst county councils, county borough councils, and other local authorities (not being Poor Law authorities) for the provision of such sanatoria and other institutions as aforesaid, the Local Government Board may by order make such provisions as appear to them necessary or expedient, by the constitution of joint committees, joint boards, or otherwise, for the joint exercise by such councils and authorities of their powers in relation thereto, and any such order may provide how, in what proportions, and out of what funds or rates the expenses of providing such institutions, so far as they are not defrayed out of grants under this section, are to be defrayed, and may contain such consequential, incidental, and supplemental provisions as may appear necessary for the purposes of the order, and an order so made shall be binding and conclusive in respect of the matters to which it relates.

(4) An Insurance Committee may, with the consent of the Insurance Commissioners, enter into agreements with any person or authority (other than a Poor Law authority) that, in consideration of such person or authority providing treatment in a sanatorium or institution or otherwise for persons recommended by the Committee for sanatorium benefit, the Committee will contribute out of the funds available for sanatorium benefit towards the maintenance of the institution or provision of such treatment, such annual or other payment, and subject to such conditions and for such period as may be agreed, and any such agreement shall be binding on the Committee and their successors, and any sums payable by the Committee thereunder may be

Provision
sanatoria,
&c.

paid by the Insurance Commissioners and deducted from the sums payable to the Committee for the purposes of sanatorium benefit.

Notes on Section 64.—“*If under any other Act*” (*Subsection (1)*). *This Section thus takes cognizance of the Finance Act, 1911, which provided £1,500,000 to assist in building Sanatoria.*

The Local Government Board is to dispense the £1,500,000 in consultation with the Insurance Commissioners.

Power to
Insurance
Commis-
sioners to
make regu-
lations, &c.

Section 65.—The Insurance Commissioners may make regulations for any of the purposes for which regulations may be made under this Part of this Act or the schedules therein referred to, and for prescribing anything which under this Part of this Act or any such schedules is to be prescribed, and generally for carrying this Part of this Act into effect, and any regulations so made shall be laid before both Houses of Parliament as soon as may be after they are made, and shall have effect as if enacted in this Act:

Provided that, if an address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, His Majesty in Council may annul the regulation, and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

Determina-
tion of ques-
tions by
Insurance
Commis-
sioners.

Section 66.—(1) If any question arises—

- (a) as to whether any employment or any class of employment is or will be employment within the meaning of this Part of this Act or as to whether a person is entitled to become a voluntary contributor; or
- (b) as to the rate of contributions payable by or in respect of any insured person; or
- (c) as to the rates of contributions payable in respect of an employed contributor by the employer and the contributor respectively;

the question shall be determined by the Insurance Commissioners, in accordance with regulations made by them for the purpose :

Provided that—

- (i) if any person feels aggrieved by the decision of the Insurance Commissioners on any question arising under paragraph (a), he may appeal therefrom to the county court, with a further right of appeal upon any question of law to such judge of the High Court as may be selected for the purpose by the Lord Chancellor, and the decision of that judge shall be final;
- (ii) the regulations of the Insurance Commissioners may provide for questions under paragraph (b) being determined, in the case of any person who is or is about to become a member of an approved society, by the society;

- (iii) the Insurance Commissioners may, if they think fit, instead of themselves deciding whether any class of employment is or will be employment within the meaning of this Part of this Act, submit the question for decision to the High Court in such summary manner as subject to rules of court may be directed by the court, and the court, after hearing such parties and taking such evidence (if any) as it thinks just, shall decide the question, and the decision of the court shall be final.

(2) This section shall come into operation on the passing of this Act.

Notes on Section 66.—*Questions of the character dealt with in this Section are bound to arise, and its provisions are therefore of importance.*

As to (a) class of employment, Section 1 and Schedule 1 raise many interesting points of fact and of law, owing to the enormous variety of employments in a complex society. The great mass of the insured will cause no difficulty; it is the marginal cases which will raise doubts.

As to (c), observe that by Schedule 2, Part I., the respective shares of the contributions paid by employers and employed vary with wages.

The Insurance Commissioners are to determine questions under (a), (b), and (c), but they may by regulations allow questions under (b) to be determined by the Approved Societies when they relate to the case of a member or one seeking membership.

Under (1) aggrieved persons may appeal to the County Court against the Commissioners' decisions, with a further appeal to the High Court.

As to decisions under (a) on questions of nature of employment (Section 1 and Schedule 1) the Commissioners may themselves submit cases for decision to the High Court.

Section 67.—(1) Subject to the provisions of the foregoing section Disputes. every dispute between—

- (a) An approved society or a branch thereof and an insured person who is a member of such society or branch or any person claiming through him;
 - (b) An approved society or branch thereof, and any person who has ceased to be a member for the purposes of this Part of this Act of such society or branch, or any person claiming through him;
 - (c) An approved society and any branch thereof;
 - (d) Any two or more branches of an approved society;
- relating to anything done or omitted by such person, society, or branch (as the case may be) under this Part of this Act or any regulation made thereunder, shall be decided in accordance with the rules of the society, but any party to such dispute may, in such cases and in such manner as may be prescribed, appeal from such decision to the Insurance Commissioners.

(2) Every dispute between an insured person and the Insurance Committee, relating to anything done or omitted by such person or the Insurance Committee under this Part of this Act, or any regulation made hereunder, shall be decided in the prescribed manner by the Insurance Commissioners.

(3) The Insurance Commissioners may authorize referees appointed by them to decide any appeal or dispute submitted to the Insurance Commissioners under this section.

(4) The Insurance Commissioners may make regulations as to the procedure on any such appeal or dispute, and such regulations may apply any of the provisions of the Arbitration Act, 1889, but, except so far as it may be so applied, the Arbitration Act, 1889, shall not apply to proceedings under this section, and any decision given by the Insurance Commissioners or a referee under this section shall be final and conclusive.

52 & 53 Vict.
c. 49.

Notes on Section 67.—This Section, while recognizing the autonomy of an Approved Society, gives its members an appeal to the Insurance Commissioners in cases of dispute.

Under Subsection (2) disputes between an Insured Person and the Insurance Committee are to be decided by the Insurance Commissioners. Disputes might conceivably arise as to the administration of Medical and Sanatorium Benefit in the case of a Society member and as to any of the benefits in the case of a Deposit Contributor.

Protection
against dis-
tress and
execution
in certain
cases.

Section 68.—(1) Where the medical practitioner attending on any insured person in receipt of sickness benefit certifies that the levying of any distress or execution upon any goods or chattels belonging to such insured person and being on premises occupied by him, or the taking of any proceedings in ejectment or for the recovery of any rent or to enforce any judgment in ejectment against such person, would endanger his life, and such certificate has been sent to the Insurance Committee and has been recorded in manner hereinafter provided, it shall not be lawful during any period named in the certificate for any person to levy any such distress or execution or to take any such proceedings or to enforce any such judgment against the insured person :

Provided that, if any person desirous of levying such distress or execution or taking such proceedings or enforcing such judgment disputes the accuracy of the certificate, he may apply to the registrar of the county court, who, if he is of opinion that the certificate should be cancelled or modified, may make an order cancelling or modifying it, and no appeal shall lie against any such order or a refusal to make any such order.

(2) A certificate granted for the purpose of this section shall continue in force for one week or such less period as may be named in the certificate, but may be renewed from time to time for any period not exceeding one week, up to but not beyond the expiration of three months from the date of the grant of the original certificate, but no such renewal shall have effect unless sent to the Insurance Committee and recorded as aforesaid :

Provided that the protection conferred by this section shall not extend beyond the expiration of one month from such date if, on demand being made by the person desirous of levying such distress or execution, or taking such proceedings, or enforcing such judgment, proper security is not given for payment of rent thereafter to become due from the insured person or the amount of the judgment debt, as the case may be, and any dispute as

to the sufficiency of the security shall be determined by the registrar of the county court, whose decision shall be final and not subject to appeal.

(3) If any person knowingly levies or attempts to levy any such distress or execution or takes any such proceedings or enforces or attempts to enforce any such judgment in contravention of this section, he shall be liable on summary conviction to a fine not exceeding fifty pounds.

(4) A certificate or renewal thereof granted under this section shall forthwith be sent to the Insurance Committee, and the Committee shall, unless it has reason to suspect its genuineness, record it in a special register without fee, and such register shall, at all reasonable times, be open to inspection; and, where so recorded, its genuineness shall not be questioned in any proceedings against a sheriff or other officer for failure to levy any distress or execute any warrant.

(5) Where the time within which a warrant may be executed is limited, any period during which the warrant cannot be executed by reason of the provisions of this section shall be disregarded in computing the time within which the warrant may be executed.

Note on Section 68.—This Section protects a person “in receipt of sickness benefit” from distress or ejectment for non-payment of rent when such distress or ejectment would “endanger his life,” but observe that by the proviso of Subsection (2) the protection is not to extend beyond one month unless security for the payment of rent is given. Given such security the protection may run to, but not beyond, three months.

Section 69.—(1) If, for the purpose of obtaining any benefit or payment or the crediting of a reserve value under this Part of this Act, either for himself or for any other person, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months with or without hard labour.

(2) If any employer has failed to pay any contributions which under this Part of this Act he is liable to pay in respect of an employed contributor, or if any such employer, any insured person, or any other person is guilty of any other contravention of or non-compliance with any of the requirements of this Part of this Act or the regulations made thereunder in respect of which no special penalty is provided, he shall for each offence be liable on summary conviction to a fine not exceeding ten pounds, and where the offence is failure or neglect on the part of the employer to make any such contributions, to pay to the Insurance Commissioners a sum equal to the amount of the contributions which he has so failed or neglected to pay, which sum when paid shall be treated as a payment in satisfaction of such contributions:

Provided that no person shall be liable to any penalty in respect of any matter if he has acted in conformity with any decision in respect thereto by the Insurance Commissioners, or, if the matter is one which the Insurance Committee is competent to decide, in conformity with its decision.

Civil proceedings against employer for neglecting to pay contributions.

Section 70.—(1) Where an employer has failed or neglected to pay any contributions which under this Part of this Act he is liable to pay in respect of a person being a member of an approved society in his employment, and by reason thereof that person has been deprived in whole or in part of his right to any benefits which would otherwise have been payable to him, he shall be entitled to take proceedings against the employer for the value of the right of which he has been so deprived, and in any such proceedings the employer may be ordered to pay to the Insurance Commissioners a sum equal to the value so ascertained, which sum when paid shall be carried to the credit of the society of which such person is a member, and thereupon such person shall thenceforth be entitled to receive from the society benefits at the same rate as he would have been entitled to had the contributions been properly paid, together with the difference between the amount of the benefits (if any) he has actually received and the benefits he would have received had the contributions been properly paid.

(2) Proceedings may be taken under either this or the last preceding section notwithstanding that proceedings have also been taken under the other section in respect of the same failure or neglect to pay contributions.

Notes on Section 70.—*By this Section, an employer who has neglected to pay contributions "in respect of a person being a member of an Approved Society," is liable to make good "the value of the right" of which he has deprived his employee, and not merely the contributions he has neglected to pay.*

But, as the Section specifically applies only to "a member of an Approved Society" it appears that if through an employer's default a man loses, e.g., his chance, although 60 years of age, to become a member of an Approved Society as though 16, he cannot recover the value of his loss from the employer.

Repayment of benefits improperly paid.

Section 71.—If it is found at any time that a person has been in receipt of any payment or benefit under this Part of this Act without being lawfully entitled thereto he, or in the case of his death his personal representatives, shall be liable to repay to the Insurance Commissioners the amount of such payment or benefit, and any such amount may be recovered as a debt due to the Crown and when so recovered shall be carried to the credit of the society of which such person was a member, or if he was not a member of any approved society, of the Post Office fund.

Provisions as to application of existing funds of friendly societies.

Section 72.—(1) Every registered friendly society which provides benefits similar to any of those conferred by this Part of this Act, shall submit to the Registrar of Friendly Societies a scheme for continuing, abolishing, reducing, or altering such benefits as respects members who become insured persons and for continuing, abolishing, or reducing the contributions of such members, so, however, that the combined effect of the alteration of the benefits and contributions shall not prejudicially affect the solvency of the society, and, if the scheme or a supplementary scheme shows on an actuarial valuation that, owing to the alterations in the benefits

and contributions effected by the scheme, any part of the existing funds of the society is set free as not being required to meet the liabilities of the society, the scheme or the supplementary scheme shall provide for the application of the part of the funds so set free in any one or more of the following ways:—

- (a) towards the cost of the provision of other or increased benefits payable by the society independently of this Part of this Act to existing members whether insured persons or not;
- (b) in reduction of the contributions payable by such members in respect of the benefits payable by the society independently of this Part of this Act;
- (c) towards the payment or repayment of contributions payable under this Part of this Act by such of its existing members as are entitled and elect to receive benefits under this Part of this Act through the society.

(2) This section shall apply to branches of registered societies in like manner as to societies: Provided that a society with branches may, if it so desires (subject always to the exercise of any right of a branch, expressly conferred by the rules of the society, to dispose of any of its funds for the benefit solely of the members of the branch), submit a scheme applicable to all its branches, and it shall be competent for the society to provide by its scheme or supplementary scheme for the application of the whole or any part of any sums so set free towards the discharge of any deficiencies in any of its branches which may be found to exist on such actuarial valuation as aforesaid.

(3) Any scheme adopted by a society or branch of a society in accordance with its rules when confirmed by the Registrar of Friendly Societies shall be deemed to be incorporated in the registered rules of the society or branch and may be amended accordingly, so, however, that no amendment shall be inconsistent with the provisions of this section.

(4) This section shall apply to seamen, marines, and soldiers, from whose pay deductions are made under this Part of this Act as if they were insured persons, and for the purposes of this section "existing" means existing at the passing of this Act.

(5) This section shall come into operation on the passing of this Act.

Notes on Section 72.—*This Section should be considered in connection with the important Section 55 which furnishes every insured person of whatever age between 16 and 65 with such an insurance reserve as is necessary to put him in proper financial standing as though his contribution is that of a person of 16.*

As all existing Friendly Society members obtain by Section 55 a proper reserve, which is duly credited to their Societies, it will be seen that the existing reserves of Friendly Society members, so far as they relate to health insurance, are set free. Section 72 enables Societies to readjust their benefits and contributions, and allows them to use the liberated reserves either to increase benefits or reduce contributions, or both.

Provisions as to existing employers' provident funds.

Section 73.—(1) Where at the passing of this Act a superannuation or other provident fund has been established for the benefit of the persons employed by one or more employers, the provisions of the last foregoing section shall apply with the necessary adaptations and with this modification that, where under the Act, deed, or other instrument establishing the fund or otherwise any sum is payable by the employer towards benefits secured by the Act or deed, and those benefits include benefits similar to any of those conferred by this Part of this Act, the scheme may provide for allowing the employer to deduct from any contributions payable by him as aforesaid towards benefits of a nature similar to those under this Part of this Act an amount not exceeding the amount of the employer's contributions payable by him under this Part of this Act.

(2) Where the fund is one out of which pensions or superannuation allowances are payable, and it is proved to the satisfaction of the Insurance Commissioners that the rearrangements required in consequence of this Part of this Act will, upon a valuation under the existing rules of the fund, affect prejudicially the sum available for the payment of pensions or superannuation allowances, the Insurance Commissioners may grant a certificate authorizing the value of the prospective extension of benefits under this Part of this Act when the reserve values have been written off as hereinbefore provided, to be brought into account in the valuation of the assets available for the discharge of the liabilities of the fund in respect of pensions and superannuation allowances.

Provisions as to minors who are members of approved societies.

Section 74.—Any member of an approved society who is a minor may execute all instruments and give all acquittances necessary to be executed or given under the rules of such society, but shall not be a member of the committee, or a trustee, manager, or treasurer of such society or any branch thereof.

Power for societies to register under Friendly Societies Act, 1896.

Section 75.—Any society for the purpose of carrying on business under this Act, either alone or together with any purpose mentioned in section eight, subsection (1), of the Friendly Societies Act, 1896, may, after the passing of this Act, be registered as a friendly society under the Friendly Societies Act, 1896, notwithstanding that the contributions under this Act are not voluntary.

Application of Acts of Parliament to approved societies and sections.

Section 76.—(1) Except in so far as may be inconsistent with this Part of this Act, any business transacted under this Part of this Act by any approved society shall be treated as part of the ordinary business transacted by societies of the class to which that society belongs, and any enactment applying to the society in relation to the transaction of such ordinary business shall apply accordingly in relation to the business transacted by the society under this Part of this Act.

(2) This section shall apply to an approved society which is a separate section of another body, subject to the necessary adaptation.

Section 77.—(1) The Local Government Board may, for the purposes of their powers and duties under this Part of this Act, hold such local inquiries and investigations as they may think fit, and the Board and their inspectors shall have for the purposes of such an inquiry the same powers as they respectively have for the purposes of an inquiry under the Public Health Acts, and the expenses incurred by the Board in respect of such inquiries and other proceedings under this Part of this Act (including the salary of any inspector or officer of the Board engaged in the inquiry or proceedings, not exceeding three guineas a day) shall be paid by such authorities and persons out of such funds and rates as the Board may by order direct, and the Board may certify the amount of the expenses so incurred, and any sum so certified and directed by the Board to be paid by the authority or person shall be a debt from that authority or person to the Crown: Provided that this provision shall not apply to inquiries with respect to responsibility for excessive sickness.

Powers of
the Local
Government
Board.

(2) Any approval given by the Local Government Board under this Part of this Act may be given for such term, and subject to such conditions as the Board may think fit, and the Board shall have power to withdraw any approval which they have given.

(3) The Local Government Board may make it a condition of any approval to be given, or grant of money to be made under this Part of this Act, that the Board shall have such powers of inspection as may be agreed.

Note on Section 77.—See Sections 16 and 17, referring to Sanatorium Benefit, for the powers and duties referred to in this Section. The Section chiefly has reference to the building of sanatoria under Section 64.

Section 78.—If any difficulty arises with respect to the constitution of Insurance Committees, or the advisory committee, or otherwise in bringing into operation this Part of this Act, the Insurance Commissioners, with the consent of the Treasury, may by order make any appointment and do anything which appears to them necessary or expedient for the establishment of such committees or for bringing this Part of this Act into operation, and any such order may modify the provisions of this Act so far as may appear necessary or expedient for carrying the order into effect: Provided that the Insurance Commissioners shall not exercise the powers conferred by this section after the first day of January nineteen hundred and fourteen.

Power to
remove diffi-
culties.

Section 79.—For the purposes of this Part of this Act, unless the context otherwise requires,—

Interpreta-
tion:

The expression "branch," in relation to a society, shall not include any branch of the society which is not itself separately registered;

The expression "disease or disablement" means such disease or disablement as would entitle an insured person to sickness or disablement benefit;

The expression "dependants," in relation to any person, includes such persons as the approved society or Insurance Committee shall ascertain to be wholly or in part dependent upon his earnings;

- A person whose normal occupation is employment within the meaning of this Part of this Act shall, for the purpose of reckoning the number and rate of contributions, be deemed to continue to be an employed contributor notwithstanding that he is temporarily unemployed, but, if such period of unemployment extends beyond twelve months, he shall not continue to be an employed contributor unless the approved society of which he is a member or, if he is not a member of such a society, the Insurance Committee, is satisfied that his unemployment is due to inability to obtain employment, and is not due to any change in his normal occupation;
- The suspension of a member of an approved society from benefits under this Part of this Act shall not be deemed to deprive the member of his membership;
- Membership of an approved society means membership for the purposes of this Part of this Act;
- The expression "valuer" means a person possessing actuarial qualifications as may be approved by the Treasury;
- The expression "county" means administrative county;
- The Scilly Isles shall be deemed to be a county and the council of those Isles the council of a county, but the Insurance Committee for the Scilly Isles shall be constituted in such manner as the Insurance Commissioners prescribe;
- Monmouthshire shall be deemed to form part of Wales;
- A person shall be deemed according to the law in England, Wales, and Ireland, as well as according to the law in Scotland, not to have attained the age of seventeen until the commencement of the seventeenth anniversary of the day of his birth, and similarly with respect to other ages.

Application to Scotland.

Section 80.—This Part of this Act in its application to Scotland shall be subject to the following modifications:—

- (1) For the purpose of carrying this Part of this Act into effect in Scotland, there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Scotland (to be called the Scottish Insurance Commissioners), with a central office in Edinburgh, and with such branch offices in Scotland as the Treasury may think fit, and the Scottish Insurance Commissioners, of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Scottish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into

effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Scottish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Scottish Insurance Commissioners in carrying this Part of this Act into effect in Scotland, and for the purpose aforesaid the Scottish Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are, by the provisions of this Act, conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Scottish Insurance Commissioners :

- (2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Scotland, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Scottish National Health Insurance Fund, under the control and management of the Scottish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Scottish National Health Insurance Fund accordingly :
- (3) The expression "Local Government Board" means the Local Government Board for Scotland (in this section referred to as the Board): Provided that, as regards the making of regulations respecting sums payable out of the Local Taxation (Scotland) Account, the said expression means the Secretary for Scotland; the expression "Local Taxation Account" means the Local Taxation (Scotland) Account; and the expression "inspector of the Local Government Board" includes a person acting under section seven or section eight of the Public Health (Scotland) Act, 1897 : 60 & 61 Vict.
c. 38.
- (4) The expression "county borough" means a burgh or police burgh within the meaning of the Local Government (Scotland) Act, 1889 (in this section referred to as the Act of 1889), containing within the police boundaries thereof according to the census of nineteen hundred and eleven a population of twenty thousand or upwards, and includes the burgh of Dumfries and the police burgh of Maxwelltown, as if they were a single burgh, and all other burghs and police burghs shall, for the purposes of this Part of this Act, be held to be within the county, and unless already represented on the county council shall, for the purposes of this 52 & 53 Vict.
c. 50.

Part of this Act, be represented thereon as may be determined by the Secretary for Scotland: Provided that references to the council of a county borough shall, in the case of Dumfries and Maxwelltown, be construed as references to a joint committee of the town councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:

- (5) References to a county and the county council thereof shall, as regards—
 - (a) the counties of Kinross and Clackmannan; and
 - (b) the counties of Elgin and Nairn;
 be construed in each case as references respectively to a combination of the two recited counties and to a joint committee of the county councils thereof which shall from time to time be appointed subject to the provisions of section seventy-six of the Act of 1889:
- (6) The minimum number of an insurance committee for any area containing a population of less than forty thousand shall be twenty-five instead of forty; and, where a number less than forty is fixed, the constitution of the committee may be varied as may be prescribed, so, however, that the proportion of members to be appointed by insured persons and by a county or town council and the number of members possessing a medical qualification shall not be altered:
- (7) No person, except a medical practitioner qualified as such, shall be qualified for appointment as member of an Insurance Committee by a county or town council unless he is a member of a local authority within the county under the Public Health (Scotland) Act, 1897, or of the town council, as the case may be; but this requirement shall not apply to women if women so qualified are not available:
- (8) Before submitting for approval a scheme prescribing areas to be assigned to district committees, the Insurance Committee of a county shall consult with the county council, or any committee thereof appointed for the purpose, and shall consider any representation received from them:
- (9) Where, owing to sparseness of population, difficulties of communication, or other special circumstances, they consider it desirable, an Insurance Committee shall have power, with the consent of the Scottish Insurance Commissioners, to modify or suspend any benefits for the administration of which they are responsible; but, where such modification or suspension takes place, provision shall be made by the Committee, with the like consent, for the increase of other benefits or the grant of one or more additional benefits to an amount equivalent to the value of the modification or suspension:
- (10)—(a) If it appears to any county council that, having regard to the number of employed contributors resident in the county

who are not members of any society approved under the foregoing provisions of this Act, it is desirable that steps should be taken for the establishment under the council of an approved society for the county (in this section referred to as a county society) the Council may, at any time before the expiration of one year from the commencement of this Act, submit to the Scottish Insurance Commissioners a scheme for the establishment of a county society;

(b) The scheme may provide for—

- (i) the representation of the council on the committee of management of the society;
- (ii) the appointment of officers subject to the approval of the council;
- (iii) the delegation of powers to committees;
- (iv) the giving of security by means of a charge upon the general purposes rate or otherwise;
- (v) the restriction of membership to insured persons resident in the county not being members of any other approved society;
- (vi) the reduction of benefits below the minimum rates fixed by this Part of this Act; and
- (vii) such other matters as may appear necessary, and in particular such further modifications of the provisions of this Part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society;

(c) Where such a scheme has been approved by the Scottish Insurance Commissioners, the provisions of the scheme shall have effect, notwithstanding anything to the contrary in this Part of this Act; and, subject to those provisions, the county society shall be an approved society for all the purposes of this Part of this Act;

(d) A county council desirous of submitting a scheme under this section may, at any time after the passing of this Act, take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society;

(11) A person appointed in terms of the section of this Act relating to excessive sickness to hold an inquiry shall report to the authority appointing him, and any further action following on such inquiry which, in accordance with the provisions of that section, is to be or may be taken by the person making the inquiry, shall not be taken by him, but may be taken by that authority after consideration of the report, and that section shall be read and construed accordingly:

(12) Expenses incurred by a county council under this Part of this Act shall be defrayed out of the general purposes rate; provided that, notwithstanding anything contained in the Act of 1889, the rate-

payers of a police burgh shall not be assessed by the county council for any such expenses unless the police burgh is, for the purposes of this Part of this Act, held to be within the county; and provided further that, with respect to every burgh within the meaning of the Act of 1889, which is, for the purposes of this Act, held to be within the county, subsection (3) and subsection (4) of section sixty, and section sixty-six, of the Act of 1889, shall, so far as applicable, have effect as if such expenses were expenditure therein mentioned;

- (13) Expenses incurred by a town council under this Part of this Act (whether under requisition from the county council or otherwise) shall be defrayed out of the public health general assessment, but shall not be reckoned in any calculation as to the statutory limit of that assessment; and references to the borough fund or borough rate shall be construed accordingly:
- (14) The expression "borough" and the expression "urban district" mean a burgh or police burgh within the meaning of the Act of 1889, and the expressions "rural district" and "council of a rural district," unless inconsistent with the context, mean respectively a district of a county within the meaning of the said Act and the district committee thereof: Provided that the population limit prescribed for boroughs and urban districts in the subsection of this Act relating to the appointment of district committees for these areas shall not apply:
- (15) The expression "Lord Chief Justice" means the Lord President of the Court of Session:
- (16) The expression "county court" means the sheriff court; and, in lieu of an appeal from the county court upon any question of law, there shall be substituted an appeal from the sheriff upon any question of law in terms of subsection (17) (b) of the Second Schedule to the Workmen's Compensation Act, 1906: Provided that the decision of either division of the Court of Session on such appeal shall be final.
- (17) The expression "workhouse" means poorhouse; "coverture" means marriage; "levy any distress or execution" means use any diligence; "ejectment" means removing; "amount of judgment debt" means amount decreed for; "registrar of the county court" means court exercising jurisdiction in the proceedings; "certified midwife" means any midwife possessing such qualifications as may be prescribed; "public elementary school" means public school; "Public Health Acts" means the Public Health (Scotland) Acts, 1897 and 1907; "Local Loans Act, 1875" means the Local Authorities Loans (Scotland) Acts, 1891 and 1893; and "High Court" means Court of Session:
- (18) Unless inconsistent with the context, references to the Elementary School Teachers Superannuation Act, 1898, to the deferred annuity fund under that Act, and to the Board of Education, shall be construed, respectively, as references to section fourteen

of the Education (Scotland) Act, 1908, and a scheme thereunder, **8 Edw. 7 c. 63.**
to the Scottish Teachers' Superannuation Fund, and to the
Scotch Education Department.

Note on Section 80.—*The chief special provisions for Scotland made by this Section are:—*

(1) *The Minimum Benefits may be modified by the Scottish Commissioners, in cases where sparseness of population makes any of them unsuitable.*

(2) *County Councils are specifically given an important power themselves to organize Approved Societies in suitable cases.*

Section 81.—This part of this Act, in its application to Ireland, **Application to Ireland.**
shall be subject to the following modifications:—

(1) For the purpose of carrying this Part of this Act into effect in Ireland, there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Ireland (to be called the Irish Insurance Commissioners), with a central office in Dublin, and with such branch offices in Ireland as the Treasury may think fit, and the Irish Insurance Commissioners, of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Irish Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them and to the payment of expenses incurred by the Treasury or the Irish Insurance Commissioners in carrying this Part of this Act into effect in Ireland, and for the purpose aforesaid the Irish Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Irish Insurance Commissioners:

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Ireland and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons and the expenses of

administration of such benefits shall be paid into a fund to be called the Irish National Health Insurance Fund, under the control and management of the Irish Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund and the foregoing provisions of this Act with respect to the National Health Insurance Fund shall, with the necessary modifications, apply to the Irish National Health Insurance Fund accordingly:

- (3) The provisions of this Part of this Act conferring a right to exemption shall extend to any person employed in harvesting or other agricultural work who proves—
 - (a) that he is an Irish migratory labourer, that is to say, a person who, having a permanent home at some place in Ireland has temporarily removed to some other place in Ireland or to Great Britain for the purpose of obtaining such employment; and
 - (b) that he ordinarily resides at such permanent home for not less than twenty-six weeks in the year and is not employed within the meaning of this Part of this Act whilst so resident; and any contributions paid in Great Britain by the employer of a person holding a certificate of exemption by virtue of this provision shall be transferred to the Irish Insurance Commissioners for the purpose of being carried to such account and being dealt with in such manner as may be prescribed by the regulations made in that behalf by the Irish Insurance Commissioners :
- (4) Employment in Ireland as an outworker, where the wages or other remuneration derived from the employment are not the principal means of livelihood of the person employed, shall be deemed to be included amongst the excepted employments specified in Part II. of the First Schedule to this Act :
- (5) The reference to the Lord Chancellor shall be construed as a reference to the Lord Chancellor of Ireland ;
The reference to the Lord Chief Justice shall be construed as a reference to the Lord Chief Justice of Ireland ;
The reference to the Local Government Board, as regards the making of regulations with respect to payments out of the Local Taxation Account, shall be construed as a reference to the Lord Lieutenant, and other references to the Local Government Board shall be construed as references to the Local Government Board for Ireland, and the reference to the Local Taxation Account shall be construed as a reference to the Local Taxation (Ireland) Account :
- (6) A reference to the Housing of the Working Classes (Ireland) Acts, 1890 to 1908, shall be substituted for the reference to the Housing of the Working Classes Acts, 1890 to 1909, a reference to the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted

for the reference to the Public Health Acts, and a reference to the rate or fund applicable to the purposes of the Public Health (Ireland) Acts, 1878 to 1907, shall be substituted for any reference to the borough rate or borough fund :

- (7)—(a) If it appears to any county council that, having regard to the number of employed contributors resident in the county who are not members of any society approved under the foregoing provisions of this Act it is desirable that steps should be taken by the council for the establishment of an approved society for the county under the council (in this section referred to as a county society), the council may, at any time before the expiration of one year from the commencement of this Act, submit to the Irish Insurance Commissioners a scheme for the establishment of a county society.
- (b) The scheme may provide for—
 - (i) the representation of the council on the committee of management of the society ;
 - (ii) the appointment of officers subject to the approval of the council.
 - (iii) the delegation of powers to committees ;
 - (iv) the giving of security by means of a charge upon the county fund or otherwise ;
 - (v) the restriction of membership to insured persons resident in the county not being members of any other approved society ;
 - (vi) the reduction of benefits below the minimum rates fixed by this Part of this Act ; and
 - (vii) such other matters as may appear necessary, and in particular such further modifications of the provisions of this Part of this Act with respect to approved societies as may be required for the purpose of adapting those provisions to the case of a county society ;
- (c) Where such a scheme has been approved by the Irish Insurance Commissioners, the provisions of the scheme shall have effect, notwithstanding anything to the contrary in this Part of this Act ; and, subject to those provisions, the county society shall be an approved society for all the purposes of this Part of this Act ;
- (d) A county council desirous of submitting a scheme under this section may, at any time after the passing of this Act, take such steps as appear necessary with a view to ascertaining what insured persons resident in the county are eligible and willing to become members of the proposed county society, and generally for the formation of the society :
- (8) The provisions with respect to the appointment of Insurance Committees shall have effect, subject to the following modifications, namely :—

The number of members of an Insurance Committee shall be twenty-four, and of that number—

(a) twelve shall be appointed in such manner as may be prescribed by regulations of the Irish Insurance Commissioners so as to secure representation of the insured persons resident in the county or county borough who are members of approved societies, and who are deposit contributors, in proportion, as nearly as may be, to their respective numbers, and the regulations so made shall provide for conferring on the approved societies which have members resident in the county or county borough the power of appointing representatives of such members, and, where an association of deposit contributors resident in the county or county borough has been formed under such regulations as aforesaid, for conferring on such association the power of appointing the representatives of the deposit contributors;

(b) eight (of whom at least one shall be a member of a local sanitary authority and at least two shall be women) shall be appointed by the council of the county or county borough; and

(c) four (of whom at least two shall be duly qualified medical practitioners) shall be appointed by the Irish Insurance Commissioners:

Provided that the Irish Insurance Commissioners may, where any part of the cost of sanatorium benefit is defrayed by the council of the county or county borough, increase the representation of the council and make a corresponding diminution in the representation of the insured persons:

- (9) An insured person in Ireland shall not be entitled to medical benefit under this part of this Act, and the provisions with respect to medical benefit shall not apply:

Provided that medical benefit for an insured person being a member of an approved society shall be deemed to be included amongst the additional benefits specified in Part II. of the Fourth Schedule to this Act, and that such medical benefit when provided shall be administered by the Insurance Committee in accordance with the provisions of this Part of this Act, unless the Irish Insurance Commissioners otherwise direct:

- (10) As respects Employed Contributors in Ireland, the employed rate shall be the rate specified in Part II. of the Second Schedule to this Act, and the contributions by the contributors and contributions by the employers shall be at the rates specified in Part II. instead of the rates specified in Part I. of that schedule, and there shall be credited to the society of which any employed contributor in Ireland is a member, or, if he is a deposit contributor, to his account in the Post Office fund, the difference between the amount of contributions actually paid by or in respect of him at the rate specified in Part II. of the Second Schedule to this Act and the amount which would have been

paid if those contributions had been at the rate specified in Part I. of that schedule, and the amount of that difference shall be treated as having been expended on benefits and the proper proportion thereof shall accordingly be paid out of moneys provided by Parliament:

- (11) The foregoing provisions of this section as to the crediting of differences shall apply in the case of voluntary contributors resident in Ireland, with the modification that, where the voluntary rate is not the same as the employed rate, the difference to be credited shall be the difference between the amount of contributions actually paid at the voluntary rate and the amount which would have been paid if the contributor had been a voluntary contributor resident in Great Britain:
- Provided that, in the case of a married woman resident in Ireland becoming a voluntary contributor at reduced rates of benefit under the special provisions with respect to married women, the rate of contributions payable by her shall be one penny halfpenny a week instead of three pence a week, and the difference to be credited shall be one penny halfpenny a week accordingly:
- (12) In ascertaining the voluntary rate applicable to voluntary contributors in Ireland in cases where that rate is not the same as the employed rate, regard shall be had both to the provisions of this section as to the crediting of differences and to the proportion of benefits to be paid out of the contributions payable by or in respect of such contributors:
 - (13) Rules of an approved society or Insurance Committee under this Part of this Act may provide for the inspection of medical relief registers by officers of the society or Committee at all reasonable times, and for the furnishing to the society or Committee of such medical certificates as may be necessary for the purposes of the administration of the benefits administered by the society or Committee, and for the payment by the society or Committee to duly qualified medical practitioners of such remuneration in respect of the furnishing of those certificates as the Irish Insurance Commissioners may sanction, and all payments so made by the society or Committee shall be treated as expenses of administering the benefits aforesaid:
 - (14) If a grant is made to a county council or county borough council out of any sum made available under any other Act of the present session for the purposes of the provision of or making grants in aid to sanatoria and other institutions for the treatment of tuberculosis or such other diseases as the Local Government Board may, with the approval of the Treasury, appoint, the council may, subject to the sanction of the Local Government Board, exercise for all or any of those purposes the powers given to them by Part II. of the Tuberculosis Prevention (Ireland) Act, 1908, in like manner as if those purposes were purposes authorized by that Part of that Act, and any expenses of the council so far as not defrayed

out of the grant shall be defrayed in manner provided by that Part of that Act :

- (15) For the purposes of proceedings in Ireland under the provisions of this Part of this Act relative to disputes, regulations of the Irish Insurance Commissioners may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration :
- (16) The special provisions with respect to the reduction of contributions in cases where the employer is liable to pay wages during sickness shall have effect, subject to the modification that, where the rate of contributions payable by the employed contributor is one halfpenny a week, the weekly contributions payable by the employer shall be reduced by one penny halfpenny (or, if the employed contributor is a woman, one penny), and the weekly contributions payable by the employed contributor shall be reduced by one halfpenny.
- (17) In the special provisions as to persons becoming certificated teachers, references to the Board of Education, to the Elementary School Teachers (Superannuation) Act, 1898, and to a public elementary school shall respectively be construed as references to the Superintendent of the Teachers' Pension Office, to the National School Teachers' (Ireland) Act, 1879, and to a national school, and any sums paid to the Superintendent of the Teachers' Pension Office in pursuance of those provisions shall be carried to the Pension Fund established under the last-mentioned Act and shall be dealt with in accordance with rules under that Act :
- (18) As respects insured persons in Ireland, "six-elevenths" shall be substituted for "four-sevenths" and (in the case of women) "four-ninths" shall be substituted for "one-half" :
- (19) For the reference to the registrar of the county court, there shall be substituted a reference to a magistrate appointed under the Constabulary (Ireland) Act, 1836 :
- (20) For references to a duly certified midwife, there shall be substituted references to a midwife having such qualifications as may be prescribed.

Note on Section 81.—For convenience of reference Schedule 2, Part II., giving the rates of contributions for Ireland, is printed immediately after this note.

The chief special provisions for Ireland made by this Section are

- (1) *the elimination of medical benefit except as an Additional Benefit, and a consequent reduction in the contributions ;*
- (2) *exempting from compulsory insurance an Irish migratory labourer employed in harvesting or other agricultural work ;*
- (3) *exclusion from compulsory insurance of an out-worker whose wages from the employment are not his principal means of livelihood ;*
- (4) *the establishment of County Societies similar to those in Scotland (see Section 80).*

SECOND SCHEDULE.

PART II.

Employed Rate in Ireland.

In the case of men	...	...	...	$5\frac{1}{2}$ d. a week.
,, ,, of women	...	...	...	$4\frac{1}{2}$ d. ,,

Contributions by Employers and Employed Contributors.

To be paid by the employer	...	...	$2\frac{1}{2}$ d. a week.
,, ,, contributor	...	{ Men, 3d. ,, Women, 2d. ,,	

In the case of employed contributors of either sex of the age of 21 or upwards whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 2s. 6d. a working day, the following shall be the rates of contribution:—

Where the rate of remuneration does not exceed 1s. 6d. a working day—

		A week.
To be paid by the employer	...	{ For Men, 4½d. ,, Women, 3½d.
,, out of moneys provided by Parliament	...	1d.

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day—

		A week.
To be paid by the employer	...	{ For men, 4d. ,, women, 3d.
,, ,, contributor	...	... ... ½d.
,, out of moneys provided by Parliament	...	1d.

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. a working day—

To be paid by the employer	...	{ For men, 3½d. ,, women, 2½d.
,, ,, contributor	...	... ... 2d.

Section 82.—(1) For the purpose of carrying this Part of this Act into effect in Wales, there shall be constituted, as soon as may be after the passing of this Act, Commissioners for Wales (to be called the Welsh Insurance Commissioners) with a central office in such town in Wales as the Treasury may determine, and with such branch offices in Wales as the Establish-
ment of
Commis-
sioners for
Wales.

Treasury may think fit, and the Welsh Insurance Commissioners, of whom one at least shall be a duly qualified medical practitioner, shall be appointed by the Treasury, and may appoint such officers, inspectors, referees, and servants for the purposes aforesaid as the Welsh Insurance Commissioners, subject to the approval of the Treasury, may determine, and the provisions of this Part of this Act with respect to the payment of the salaries and remuneration of the Insurance Commissioners, and the officers, inspectors, referees, and servants appointed by them, and with respect to the payment of the expenses incurred by the Treasury or the Insurance Commissioners in carrying this Part of this Act into effect shall, with the necessary modifications, apply to the payment of the salaries and remuneration of the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and to the payment of expenses incurred by the Treasury or the Welsh Insurance Commissioners in carrying this Part of this Act into effect in Wales, and for the purpose aforesaid the Welsh Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them shall respectively have all the like powers and duties as are by the provisions of this Act conferred and imposed on the Insurance Commissioners and the officers, inspectors, referees, and servants appointed by them, and references in those provisions to the Insurance Commissioners shall be construed as references to the Welsh Insurance Commissioners.

(2) All sums received from contributions under this Part of this Act in respect of insured persons resident in Wales, and all sums paid out of moneys provided by Parliament in respect of benefits under this Part of this Act to such persons, and the expenses of administration of such benefits shall be paid into a fund to be called the Welsh National Health Insurance Fund, under the control and management of the Welsh Insurance Commissioners, and the sums required to meet expenditure properly incurred by approved societies and Insurance Committees for the purposes of such benefits and the administration of such benefits shall be paid out of that fund, and the foregoing provisions of this Act, with respect to the National Health Insurance Fund, shall, with the necessary modifications, apply to the Welsh National Health Insurance Fund accordingly.

(3) The powers of the Local Government Board with respect to the distribution of any sum available for the purpose of the provision of or making grants in aid to sanatoria and other institutions shall, as respects the part thereof apportioned to Wales, be exercised by the Welsh Insurance Commissioners.

(4) If before or within twelve months after the commencement of this Act there is established for Wales by royal charter an association for the purpose of providing sanatoria and other institutions for the treatment and prevention of tuberculosis or such other diseases as the Local Government Board, with the approval of the Treasury, may appoint, the Welsh Insurance Commissioners in making and the Treasury in approving grants from any such sum as is in the last preceding subsection mentioned shall have regard to the provision of such institutions which may have been made, or may be proposed to be made, by the association.

Note on Section 82.—Observe that in Wales the Welsh Insurance Commissioners set up by this Section dispense the Sanatoria building fund in place of the Local Government Board.

Section 83.—(1) There shall be constituted as soon as may be after the passing of this Act, in accordance with regulations to be made by the Treasury, a joint committee of the several bodies of Commissioners appointed for the purposes of this Part of this Act, consisting of such members of each such body selected in such manner as may be provided by the regulations and of a chairman and other members (not exceeding two in number) to be appointed by the Treasury, and the chairman shall not by reason of his office be incapable of being elected to or voting in the Commons House of Parliament.

Joint committee of Commissioners.

(2) The joint committee may make such financial adjustments as may be necessary between the several funds under the control and management of the several bodies of Commissioners, and shall exercise and perform such powers and duties of the several bodies of Commissioners under this Part of this Act, either alone or jointly with any of those bodies, as may be provided by such regulations.

(3) Amongst the powers so exercisable by the joint committee shall be included a power of making regulations as to the valuation of societies and branches which have amongst their members persons resident in England, Scotland, Ireland, and Wales, or any two or any three of such parts of the United Kingdom, and the regulations so made shall require that, for the purposes of the provisions of this Part of this Act relating to valuations, surpluses, deficiencies and transfers, the members resident in each such part shall be treated as if they formed a separate society.

(4) Regulations made by the Treasury under this section shall be laid before Parliament as soon as may be after they are made, but, if an Address is presented to His Majesty by either House of Parliament within the next subsequent twenty-one days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, His Majesty in Council may annul the regulation and it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder.

Note.—Sections 108 to 115 inclusive are General Provisions applying both to the Health Section (Part I. of the Act) and the Unemployment Section (Part II. of the Act). They will be found printed at the end of Book II. page 377.

BOOK II

UNEMPLOYMENT INSURANCE

**PART I.: THE CASE FOR UNEMPLOY-
MENT INSURANCE**

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BOOK II.: PART I.

THE CASE FOR UNEMPLOYMENT INSURANCE

CHAPTER XXI

OF THE INHERENT IRREGULARITY OF WORK

THE essence of the problem of unemployment is that *all work, or nearly all work, is more or less irregular, and will in some measure always remain so.* Man can never hope to reduce his operations to machine-like regularity, and indeed if a man were a machine he would be less than a man. He cannot hope so to control the forces of nature as to prevent bad seasons, shortages of material, and other primary causes which affect the regularity of employment. He can neither hope nor desire so to regulate the demands and tastes of mankind as to make every trade permanent and regular in character. It is but necessary to remind ourselves of the chief causes of unemployment to realize the truth of this.

Work is irregular because of the effect of season upon demands for goods in many trades, and in particular in certain trades. Seasonal effects are pronounced in the clothing, building, gas, pianoforte, cycle, and many other industries. The workers in these trades have to find alternative employments as best they can to keep themselves going while their main employment is in its slack season. The process of dovetailing is exceedingly difficult and in some cases almost impossible, as, for example, in the pianoforte industry. This is one of the irregularities which can never be abolished by legislation. By no process of law can we make it as convenient to build a house in the winter as in the summer, or cause as great a demand for artificial light in the summer as in the winter in northern latitudes. As one writes these words it seems almost ridiculous to state such obvious truths in cold print, but, unfortunately, the speeches of many leading politicians, with their promises of the *abolition of unemployment*, show how necessary it is to cite the most elementary truths connected with the subject.

Irregularity of work occurs through climatic variations at home or abroad. At home bad weather may stop many forms of work, and abroad extreme variations of rainfall may produce shortage of crops or materials and throw large numbers of men out of employment in the United Kingdom. Man's increasing control of natural forces gives hope of a partial control of climate, but it will probably be long before this great cause of irregularity of work is sensibly reduced.

Irregularity of work may arise from shortage of materials caused not alone by vagaries of climate, but by economic shortage in relation to demand, natural or artificial. Material may be "held up" by its producers in one country, with the consequence that tens of thousands of men are thrown out of work in other countries. This is a matter in connection with which mankind has the remedy in its own hand, but it is not likely to apply it while crude animosities divide the principal races of man, and while production for profit remains.

Irregularity of work is caused frequently by changes of fashion, especially in connection with the trades which serve women. The most remarkable irregularities of employment occur from this cause—for example, the "hobble-skirt" fashion has been felt severely by woollen manufacturers. A universal craze for velveteen may spring up, causing overtime to be worked in one branch of the textile industry; within six months fashion may have discarded velveteen and reduced scores of mills to short time. Braids and other trimmings "come in" and "go out" with but a moment of warning. Indeed, it is not too much to say that many of the trades of women are wantoned with by the caprices of fashion. Here is a cause of irregularity which may disappear with the dethroning of the fashion-plate, but that disappearance would only be possible in a society in which women were sufficiently cultured to adopt an individually suitable, but not necessarily constant, form of attire. The play of a multitude of individual tastes and caprices would create a fairly constant demand by striking an average call for various dress materials. It is the universal dressing in one way all at one time which makes fashion the enemy of regular employment.

Irregularity of work is produced by the sudden introduction of new machinery or new methods in an industry, and this factor is of growing importance now that capital units are large and new processes are so much more quickly adopted than of old. At the beginning of the twentieth century it is not uncommon for the methods of a trade to be revolutionized within two or three years. A notable instance of rapid change is the case of ferro-concrete in the building trade, which has displaced thousands of workmen in this country alone in the course of

a few years. In an unorganized society it is very difficult readily to find new employment for men so displaced, and here we have a particular form of unemployment which is exceedingly difficult to deal with under existing circumstances.

Irregularity of work is caused by the amalgamation of firms and the failure of firms, which often throws out of work ageing men who find it hard to obtain new situations.

Irregularity of work is caused by war, and it is also caused by preparations for war when there is either a sudden increase or sudden decrease of armaments. The effect of a war between two foreign countries is sometimes marked in a third country, when the latter is a large exporter of war materials. War sets up a demand for the production of particular industries, and at its termination causes sudden dislocation in them.

Irregularity of work may be caused by financial difficulties, which sometimes occur on a very large scale, as, for example in the United States at the close of 1907, when it is credibly estimated that at least one man out of four was thrown out of work in the course of a few months, and when the production of American iron was reduced by one-half within six months. It does not need a very keen imagination to conjure up the situation created in a great industrial nation like America by the halving of the output of a staple trade within such a short space of time.

Irregularity of work on a large scale results from the fact that trade does not progress in the world as a whole, or in any country, regularly, but in a wave of alternate advances and regressions. This phenomenon is only too familiar to observers of commerce and industry in all countries. The difference in the bulk of employment as between the best part of a trade cycle and its worst is often considerable. In big industrial nations like the United Kingdom or the United States, it means, expressed in units of industry, the loss of work for tens, or even for hundreds of thousands as between the point of greatest inflation and the point of greatest depression. We know that these trade cycles are the inevitable consequence of competitive industry, in which production is not properly related to demand, and in which consumption therefore must periodically run ahead of demand and cause depression. It is perfectly true that industry and commerce could be so organized by great States in federation with each other as to avoid these irregularities, but it is also unfortunately true that there is no prospect of such organization of the world's resources and trade in the near future. We cannot hope for it until the great peoples of the world and their leaders have a firmer grasp of the scheme of things entire than they yet possess.

Irregularity of work is also caused through the processes of competitive industry demanding as one of their necessary factors the attachment to each industry of more workers than the industry can properly employ. It is obvious that by no other means could competitive industry be carried on, since without the presence of a fringe or margin of unemployed workmen it would not be possible to compete for contracts. Here, again, is a cause of irregularity which can only cease with competition itself. It is only in monopolistic or nearly monopolistic industries, such as the Post Office and the railway system, that this particular cause of unemployment is eliminated. If the Post Office were carried on by competitive or partly competitive local letter-carrying companies operating throughout the country, a large margin of unemployed workers would be necessary to the trade to enable it to be carried on. Because the Post Office business is worked nationally without competition, there is, for practical purposes, no unemployment connected with it, for the only difficulty that arises is the special rush of work at a time like Christmas.

Such is a brief survey of the causes of irregularity of work. They are seen to be exceedingly varied in character, but similar in effect for the unfortunate workmen whom we expect to bear the brunt of them.

We are able, in part, to apply more or less accurate measurement to irregularity of work. Let us look at some available evidence.

The British shipbuilding industry is the most triumphant item in the long list of trades carried on in the United Kingdom. To recite the records of British shipyards is to make statements which appear to be almost incredible, so wonderful is the degree of supremacy which they reveal.

Let us take the plain records of facts relating to British and foreign shipbuilding, compiled by "Lloyd's Register of British and Foreign Shipping." By reason of their natural resources in coal and iron, three nations are supremely fitted to be shipbuilders now that shipbuilding has come to be a combination of several branches of the iron, steel, and engineering trades. Those three nations are the United Kingdom, the German Empire, and the United States. "Lloyd's Register" gives us the figures on page 305 for these three countries and for all the world, "all the world" including not only foreign countries but British Possessions also.

The royal progress of British shipbuilding is seen at a glance. Roundly, two-thirds of all the ships built in all the world are constructed in the shipyards of the United Kingdom. Germany and America are still so far behind in this respect that their united statistics appear insignificant when contrasted with our own. Here is a matter where the United Kingdom challenges not one nation and not

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any group of nations, but all the world, including her own colonies and possessions.

But these remarkable facts establish something more than the supremacy of the British shipbuilder. They afford us a valuable test of the state of trade in the world, and throw a remarkable light upon one of the chief causes of unemployment. They afford us a means of measuring the fluctuation of trade not only in one country but in all countries.

I particularly direct the reader's attention to the fluctuations in shipbuilding from year to year. It is rarely indeed that in two

THE WORLD'S SHIPBUILDING (MERCHANT VESSELS).

Year.	United Kingdom.	German Empire.	United States.	All the World.
	Tons.	Tons.	Tons.	Tons.
1892	1,109,950	64,888	62,588	1,358,045
1893	836,388	60,167	27,174	1,026,741
1894	1,046,508	119,702	66,894	1,323,538
1895	950,967	87,786	84,877	1,218,160
1896	1,159,751	103,295	184,175	1,567,882
1897	952,486	139,728	86,838	1,331,924
1898	1,367,570	153,147	173,250	1,893,343
1899	1,416,791	211,684	224,278	2,121,738
1900	1,442,471	204,731	333,527	2,304,163
1901	1,524,739	217,593	433,235	2,617,539
1902	1,427,558	213,961	379,174	2,502,755
1903	1,190,618	184,494	381,820	2,145,631
1904	1,205,162	202,197	238,518	1,987,935
1905	1,623,168	255,423	302,827	2,514,922
1906	1,828,343	318,230	441,087	2,919,763
1907	1,607,890	275,003	474,675	2,778,088
1908	929,669	207,777	304,543	1,833,286
1909	991,066	128,696	209,604	1,602,057
1910	1,143,169	159,303	331,318	1,957,853
1911	1,803,844	255,532	171,569	2,650,140

successive years shipbuilding either at home or abroad remains at a fairly constant level. Indeed, it is easier to find wild fluctuations in the table than to find consecutive years when shipbuilding fluctuated but little.

Look, for example, at what occurred between 1907 and 1908. In the former year, 1,607,890 tons were constructed in British yards; in the following year the figure fell to 929,669 tons. These two figures are in the ratio of 100 to 57.

Let us think what this means to the men who work in shipyards—men whose work is either skilled or arduous, and is sometimes both. It means that for every 100 men who worked in British shipyards in

1907, there was, apart from the carrying-on of general processes, work for only 57 men in 1908. In the following year, 1909, there was slight recovery, but it is clear that for about two years grave unemployment occurred in the British shipbuilding industry.

Or take the smaller German figures. Small as they are, they show an even more serious rate of reduction. In 1907 275,003 tons were constructed in German shipyards; in two years the figures fell to 128,696 tons—a fall of over 50 per cent.

SHIPTYARD WORK AND UNEMPLOYMENT.

Year.	Ships Launched.	Unemployment amongst Boilermakers and Iron and Steel Shipbuilders.
	Tons.	Per Cent.
1892	1,109,950	10·9
1893	886,388	17·0
1894	1,046,508	16·2
1895	950,967	13·0
1896	1,159,751	9·5
1897	952,486	8·6
1898	1,367,570	4·7
1899	1,416,791	2·1
1900	1,442,471	2·3
1901	1,524,739	3·6
1902	1,427,558	8·3
1903	1,190,618	11·7
1904	1,205,162	14·0
1905	1,623,168	11·6
1906	1,828,343	7·0
1907	1,607,890	9·3
1908	929,669	22·7
1909	991,066	21·4
1910	1,143,169	10·6
1911	1,803,844	—

Or turn to the United States. In 1907 474,675 tons were constructed in American yards; in two years there was a fall to 209,604 tons.

In the world as a whole, in spite of averaging depressions over all the countries of the world, there was a fall in construction from 2,778,088 tons in 1907 to 1,602,057 tons in 1909. If we compare 1906 and 1909, we see that in a period of only three years the world's shipbuilding contracted by one-half.

We get a picture of fluctuation so wide and so rapid that we realize that the shipyard workers of the world are toyed with by circumstances over which they have no control, and, be it added, over

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which their employers have little or no control. "Under the bludgeoning of Fate, my head is bloody but unbowed," sang Henley. It will be perceived that there is good need for the spirit of Henley in the life of a shipyard worker.

The shipbuilding industry, because it is concerned with the fashioning of the main instruments of international commerce, experiences a concentration of all the depressions of all the trades that contribute to international commerce. That is the simple and unfortunate explanation of the facts I have reviewed. The rhythms of trade—the alternate expansions and contractions which are con-

VAGARIES OF BRITISH EXPORTS COMPARED WITH COURSE OF TRADE UNION UNEMPLOYMENT.

Year.	Exports of British Goods.	Trade Unionists Unemployed.	Year.	Exports of British Goods.	Trade Unionists Unemployed.
	£	Per Cent.		£	Per Cent.
1876	201,000,000	3·4	1894	216,000,000	7·2
1877	199,000,000	4·4	1895	226,000,000	6·0
1878	193,000,000	6·2	1896	240,000,000	3·3
1879	192,000,000	10·7	1897	234,000,000	3·4
1880	223,000,000	5·2	1898	233,000,000	2·9
1881	234,000,000	3·5	1899	264,000,000	2·0
1882	242,000,000	2·3	1900	291,000,000	2·4
1883	240,000,000	2·6	1901	230,000,000	3·3
1884	233,000,000	7·1	1902	283,000,000	4·2
1885	213,000,000	8·5	1903	291,000,000	5·0
1886	213,000,000	9·5	1904	301,000,000	6·4
1887	222,000,000	7·1	1905	330,000,000	5·2
1888	234,000,000	4·1	1906	376,000,000	3·7
1889	249,000,000	2·0	1907	426,000,000	3·9
1890	263,000,000	2·1	1908	377,000,000	8·6
1891	247,000,000	3·4	1909	378,000,000	7·8
1892	227,000,000	6·2	1910	431,000,000	4·7
1893	218,000,000	7·7	1911	454,000,000	3·0

comitants of trade as it is at present conducted—are felt by every industry, large and small, principal and subsidiary, and by the numerous uneconomic callings which perforce must wait on these. It is the lot of some trades in particular to feel them with exceptional force and cruelty, and strangely enough it is some of the noblest and most essential of industries which are thus especially visited.

If we next turn (page 306) to the unemployment records of that great Trade Union, the Boiler Makers' and Iron and Steel Shipbuilders Society, we see a clear reflection of the vagaries of shipbuilding.

The table ends with a year of good employment, but we know that,

as certainly as night succeeds day, this Trade Union will in the course of a few years have to pass through another trade depression, when one in ten, or one in five, or even one in four of its members, will be out of work and on the Society's funds.

Let us consider a wider measure of variation. In the table on page 307 I contrast the exports of British goods from the United Kingdom with the rate of unemployment amongst British Trade Unionists as returned by the Trade Unionists themselves to the Board of Trade. Here we see reflected in the export branch of our trade the same fluctuations which affect so acutely the shipbuilding industry. We also see the Trade Union unemployment rate, which reflects both the export trade and the home trade, fluctuating with the export figures as we should expect *a priori*. These statistics point to the undeserved sufferings of hundreds of thousands of men. We have a picture in large of an irregularity which affects in some degree almost every working class household.

CHAPTER XXII

OF THE DOCTRINE OF REGULAR PAY

WE have reminded ourselves of the inherent irregularity of work, and we have to decide what it is our duty to do in view of that irregularity. We see very plainly that we cannot keep the wheels of trade ever turning at the same rate for so many hours a day. The question we have to decide is this: If work is irregular, is it necessary that those who work should suffer through an irregularity which we have not yet learned to control, and which inquiry shows to be in some measure an irregularity which will always obtain?

A moment's thought will show that we already contrive in some measure to save from suffering through irregularity of work a certain proportion of our people. When we pass from wage-earners to salary-earners, we notice that *while irregularity of work still obtains, irregularity of maintenance becomes much less common.* It is usual for commercial houses to employ a definite staff of officers and clerks, and to keep them regularly employed throughout the year whatever the condition of trade. This rule commonly applies both to big and little offices. Commercial operations are in some degree perhaps more regular than industrial operations; nevertheless, there are no commercial houses whose work is perfectly regular in all seasons of the year, or even in every month or in every week. We may say with truth, broadly, that commercial employees, travellers, clerks, and others, although they are by no means guaranteed of employment, or free from the evils and sorrows of dislocation, have a much more regular maintenance than manual workers.

An exceedingly striking illustration of this may be found by turning to the Report of the Census of Production, 1907, Schedule 110, the Building and Constructing trades. The report shows that the average number of persons employed on the last Wednesdays of January, April, July, and October, 1907, by builders and contractors in the United Kingdom engaged in the construction of and repair of buildings, rail-

ways, tramways, highways, harbours, canals, waterworks, &c., was returned as 513,961, thus:—

PERSONS EMPLOYED.							
Males:							
Under 18	...	...	...	...	...	...	38,360
Over 18	...	...	...	...	...	...	472,926
Females:							
Under 18	...	...	...	...	...	...	689
Over 18	...	...	...	...	...	...	2,586
Total	...	...	...	...	...	...	513,961

The Board of Trade then go on to show the total number of persons employed on each of the four days referred to, as follows:—

BUILDING TRADES : 1907.

NUMBERS OF PERSONS EMPLOYED ON CERTAIN DAYS.

On the Last Wednesday of	Wage Earners.	Salaried Persons.
January	435,408	37,194
April	501,052	37,910
July	501,499	37,857
October	467,480	37,447
Extreme Variation	66,091	716
	= Rise of 15 per cent. between January and July.	= Rise of 2 per cent. between January and April.

These are very striking and significant facts. The figures for wage-earners and salaried persons, be it remembered, refer to the same employers returns and to *work done upon the same contracts*. On the last Wednesday of July in 1907, 66,000 more wage-earners were employed than on the last Wednesday of January. By the last Wednesday in October, 34,000 men had been knocked off again, and doubtless if we had the figures for the last Wednesday in January, 1908, we should find the number employed was not greater than, if as great as, on the corresponding day of January, 1907.

What a contrast we observe when we turn to the salaried persons connected with the same work, and paid out of the products of the same

work! We see that the increase between January and April was only 716 upon 37,194, or a rise of 2 per cent. approximately. We see clerical employment remaining constant during the summer, and falling only slightly—a little more than 1 per cent.—by the end of October. While clerical employment is thus not wholly regular, we find it regularity itself as compared with the employment of wage-earners by the same firms. The extreme variation in the case of the latter was about 15 per cent.

Nor are we to suppose that only 15 per cent. of the men concerned suffer unemployment. The custom of the building and constructing trades is to engage men for the job only, and to turn them off as soon as the job is finished. Each builder works with a small nucleus, sometimes a very small nucleus, of steadily employed men, foremen mainly, and for the rest, takes his dip into the always overloaded labour market.

The needs of salaried persons and of wage-earners are precisely the same. They both need regular pay if they are to maintain themselves in usefulness and efficiency. It is a very real reproach to our organizing ability that we have not yet discovered a means of pooling the products of such a trade, in such a manner that all those who work in it may get a regular maintenance. Building is a prime necessity, and a most honourable employment. The men who work in it, whether they are building ugly boxes for working men, jerry-built villas for the middle-class, bright red brick villas for stockbrokers at Weybridge or Wimbledon, or even churches and cathedrals for those who desire to worship God publicly, are alike condemned to an erratic and unreasonable method of engagement and pay, which is destructive of body and soul alike, and which is the greatest enemy of thrift.

I give another striking example of the unfortunate contrast which obtains between the treatment of "mental" and of "manual" workers. It is afforded by the return of employment in brick and fireclay factories. The average number of persons employed in these on the last Wednesdays of January, April, July, and October, 1907, according to the employers' own returns, was:—

**BRICK AND FIRECLAY FACTORIES. SALARIED PERSONS AND
WAGE-EARNERS: 1907.**

Males :							
Under 18	...	...	...	...	...	...	8,250
Over 18	...	...	...	...	...	...	50,854
Females :							
Under 18	...	...	...	...	...	...	491
Over 18	...	...	...	...	...	...	3,692
				Total	...	...	63,287

Brickmaking fluctuates with (1) season of the year, (2) state of trade, (3) state of weather at any time of year, and we get the following return of employment at the four dates already mentioned :—

BRICKMAKING: FLUCTUATION OF WAGE-EARNERS'
EMPLOYMENT: 1907.

								Number at Work.
January ...	...	...	...	...	...	...	...	56,200
April ...	...	...	...	...	...	...	...	61,445
July ...	...	...	...	...	...	...	...	63,950
October ...	...	...	...	...	...	...	...	57,925
								<hr/>
								Extreme Variation 7,750

In July 63,950 wage-earners were in work; in January only 56,200; what were the balance of 7,750 doing in January? What, indeed? By what alternative work did they combat the winter? How was the wolf kept from the door of these men and women, who make the bricks which shelter from the weather both the just and the unjust?

As for the 3,407 salaried persons, let me state their happier position in the official terms :—

"The number of salaried persons employed showed practically no variation throughout the year."

What is true of these trades is true in greater or less degree of many other industries. Indeed, we may say of the output of the United Kingdom as a whole, whether of goods or of services, that it is produced for the regular maintenance of the few, and for the irregular maintenance of the many.

It is true that we cannot make work regular, but we can by concerted effort and common rule decide that irregularity of work need not mean irregularity of maintenance, and that the first duty of a civilization is so to pool its resources and its risks that no man, or set of men, shall be made to endure the consequences of an irregularity which civilization cannot prevent. Society can assure to every honest man, if it cares to do so, the regular maintenance which it now admits to be due to the dishonest man. A civilization which puts its rogues under a roof, and maintains them in physical efficiency, should be ashamed to make the honest man bear the brunt of unemployment when it has full knowledge that industrial operations cannot always offer employment to each of its citizens. We have got to recognize that there is a known risk of unemployment, and that a certain proportion of us become the targets of that risk. There is no secret about it. There is in it no element of the unexpected. As regularly as the seasons pass—that is,

with a general regularity tempered by minor irregularities—a certain proportion of the workmen in a large number of trades, we know, are unable to find work to do. We have to face this ascertained thing, and to decide that we will not allow certain amongst us to be crucified in order that our civilization as a whole may enjoy the fruits of the irregular work that we know of.

Thus, at last, we shall do something to treat men not less sensibly and not less humanely than we treat our horses. Long ago Thomas Carlyle asked, in effect: Which of us, possessing a horse, fed it when we had work for it to do and turned it out to starve when we could not employ it? In his speech at Birmingham on June 10, 1911, Mr. Lloyd George said to his audience, in the vein of Carlyle, "Let us treat men as intelligently as we treat horses." A correspondent of *The Times*, hiding her distinguished person under the *nom de guerre* "Barbara" (I presume that she is distinguished since *The Times* honoured her communication with large type), made, in a letter which appeared on June 12, 1911, the following observations upon Mr. Lloyd George's utterance :---

"Mr. Lloyd George argued at Birmingham that, because it pays to repair and lubricate machinery and to feed and care for horses, therefore it must pay to spend all that may be needed for the improvement and effectiveness of the population. The Chancellor of the Exchequer is surely too shrewd to be the dupe of analogies so transparently false. We limit the number of machines and of horses to that which we require; we make machines only from the best patterns, and we breed horses only from the best stock; we extract from both all the work of which they are capable; we destroy both when they cease to be useful to us. We can do none of these things to men. What then becomes of Mr. Lloyd George's rhetoric?"

This letter is an amusing illustration of the folly of the superior and "educated" person, who so often has less grip of economic truth than a day-labourer (compare the coming round of the economists of to-day to the "common workman's" view of wages arrived at generations ago). It is perfectly true that there is not a complete analogy between a machine and a man, or between a horse and a man, but what there is of incompleteness in the analogy goes rather to increase the force of the Chancellor's utterance than to weaken it. "Barbara" should reflect that society cannot always destroy machines and horses when they cease to be useful to it. If society has raised capital to buy machinery, and then finds it necessary to discard the machinery, the capital item often lives on after the item of plant has been scrapped. It remains written on a share certificate, and demands from society its toll of interest as though it were still efficient. The original plant made long years ago for British railways, and long since destroyed, still

figures for value on stock certificates and brings its owners wages to-day. A man, on the other hand, does not live so long after he has ceased to be an effective instrument, so that on that score society, if it pays the fullest possible debt to man as long as he lives, and even after the power to labour has departed, is in a less onerous position than it is in regard to the debt to a capitalist for a horse or for a machine.

But, even if we put that important point aside, "Barbara" errs in going back as far as the birth of the worker. The capitalist does not take over men and women from their birth; he waits until they have been reared to a working age before he buys their services, and thus escapes what the slave-owner did not sometimes escape, the cost of perfecting the human machine. Having this privilege, he must at least be expected to aid in keeping the machine efficient, and in providing towards the period after efficiency has departed through age. "Barbara" may also be reminded that moral obligations exist in regard to a man which do not obtain in our relations to machinery or even in our relation to horses.

"Barbara" indeed, is but uttering the false economics against which Carlyle and Ruskin so passionately and eloquently protested. The National Insurance Act is instinct with the new spirit which Carlyle and Ruskin did so much to give to the present generation, a spirit which, in the words of the opening paragraph of "Unto This Last," repudiates "the idea that an advantageous code of social action may be determined irrespectively of the influence of social affection."

The road to regular payment for irregular work may be long to travel, but it is the manifest duty of every man to help the nation along it. To create an insurance fund, out of which out-of-work pay may be provided when pay is not forthcoming, is the first step on the appointed way.

CHAPTER XXIII

OF VOLUNTARY UNEMPLOYMENT INSURANCE

THE irregularity of work has for many years past caused some of the Trade Unions in the worst affected trades to establish various schemes for aiding their members in unemployment. Essentially, this voluntary work amounts to a pooling of risks by a certain number of men, who subscribe periodical payments in order to aid those of their number who happen to be sufferers from irregularity. The practical shape taken by the aid is either a weekly payment in unemployment or a grant in aid of travelling expenses when looking for work. The work of Trade Unions is little known to the upper and middle classes, few of whom have any conception of the beneficent work the Societies have accomplished in saving their members from undeserved destitution and degradation, and it may be added in saving the public purse from the care of those rescued. It is commonly believed that Trade Unions spend most of their funds in "agitation." The truth is far otherwise, as will be gathered from the following statement relating to the 100 Principal Trade Unions, taken from the Fourteenth Abstract of Labour Statistics (Cd. 5458) :—

ANALYSIS OF THE EXPENDITURE OF THE 100 PRINCIPAL TRADE UNIONS.

Expenditure on	1907.		1908.		1909.	
		£		£		£
Unemployment Benefits	464,000		1,006,000		944,000	
Dispute Benefits	136,000		609,000		155,000	
Sick and Accident Benefits... ...	433,000		466,000		439,000	
Superannuation Benefits	328,000		355,000		376,000	
Funeral Benefits	104,000		106,000		106,000	
Above and other Expenditure ...	£2,056,000		£3,204,000		£2,687,000	

It is rarely that Dispute Benefit (*i.e.*, Strike or Lock-out pay) rises much above £200,000. The £609,000 of 1908 is quite exceptional, and even so it is far less than was paid to out-of-work members. In the 10 years 1900–1909 the 100 Principal Trade Unions paid out £5,544,000 for Unemployment Benefit, as against £2,127,000 for Dispute Benefit.

These 100 Principal Trade Unions had in 1909 only 269,000 members, so that in that year each member received on the average £3 10s. in the year to aid him in unemployment.

In the Yellow Book (Cd. 5703) on Trade Union Unemployed Benefits issued in 1911, a special account of Trade Union work in Unemployment Insurance is given for the year 1908 only. This enables us to take a wider survey, covering a larger variety of trades, some of which, *e.g.*, railway servants, are in regular employ. The report shows :—

ALL TRADE UNIONS IN 1908.

Number of Trade Unions	...	...	...	...	1,059
Membership at end of 1908	...	...	...	...	2,357,381
Expenditure on Unemployment Benefit	...	...	...	...	£1,254,000

We arrive at an expenditure on Unemployment Benefit of about 10s. per head per annum, averaged over irregular and regular trades, ranging from exceedingly fickle industries like shipbuilding to regular employment like railway, tram, postal, and public authority work.

The Trade Unions included which provide Unemployment Benefit of any moment for their members have a membership of about 700,000, which gives an average expenditure of about £1 15s.

The total number of our manual workers is (1911) about 15,500,000 in round figures, and if we add clerks, say 650,000, and shop assistants, say 900,000, we arrive at 17,050,000 manual workers and small salary earners. Of these the majority are visited by some degree of irregularity and uncertainty of employment, and fully one-half, or say 9,000,000, are subject to considerable fluctuations.

It is thus but a small proportion of our workers who have been able to make voluntary provision against unemployment.

Even where it is made it is often difficult to provide an allowance of any value. The United Operative Bricklayers' Society, for example, whose members are peculiarly subject to unemployment, finds itself able to grant no more than a travelling benefit of "1s. 6d. for one day per Branch in each 3 months," increased to two or more days in certain large towns. The United Operative Plumbers' Society, for a subscription of 1s. per week, grants in addition to Sick and Accident Benefits an Unemployment Benefit of 9s. a week, and a Travelling Benefit, but the grant only lasts for seven weeks. The

Boiler Workers' Society, in order to pay, in addition to Sick and Accident Benefit, &c., an unemployment grant of from 5s. to 10s. per week (according to length of membership) for 14 weeks, has to charge a subscription of 1s. 6d. a week. It will be realized how difficult it is for the humbler workers in shipyards or in the building or engineering trades, who receive only 25s. a week or so, to find such a subscription as would give them out-of-work pay.

Realizing (1) that work is for the most part inherently irregular, (2) that irregularity of maintenance need not necessarily accompany irregular work, and (3) that employers and the public at large, as well as the employed, have a vital interest in maintaining workmen in efficiency, it becomes the bounden duty of the State to intervene and to create a pooling system to which the workmen themselves shall not be the only contributors. The principle of Unemployment Insurance, as we are adopting it in the United Kingdom, is to establish an Unemployment Insurance Fund, fed by employers, employed, and the State, out of which Unemployment Benefit may be forthcoming to succour the victims of an irregularity which we cannot yet overcome. It is admittedly an experiment in legislation, and it is not disguised that the subject presents some difficulties of detail. The aim is so great, however, and the possible end to be achieved so valuable, that the experiment would be worth making even if the difficulties were much greater.

BOOK II

UNEMPLOYMENT INSURANCE

PART II.: THE NATIONAL UNEMPLOYMENT INSURANCE SYSTEM

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BOOK II. : PART II.

THE NATIONAL UNEMPLOYMENT INSURANCE SYSTEM

CHAPTER XXIV

AN OUTLINE SKETCH OF THE UNEMPLOYMENT INSURANCE

THE broad outlines of the National Unemployment Insurance Law of 1911 are as follows :—

The scheme has two sides, the first a compulsory insurance, the second an aid to voluntary insurance.

The compulsory or main scheme is, in view of the experimental character of the work, confined to what may be broadly described as the building and engineering groups of trades. As these employ about 2,500,000 workpeople, however, the scheme, although limited, is on a large scale. These two particular groups are chosen because of the extreme irregularity of the employment they afford.

An Unemployment Fund is established for the relief of these 2,500,000 compulsorily insured persons by contributions from the employer, the employed, and the State, which are normally as follows :—

			d.
The employer pays ...	...	...	$2\frac{1}{2}$
The employee pays ...	...	...	$2\frac{1}{2}$
The State adds a sum equal to one-sixth of the joint contribution of employer and workman, viz.	...	...	$1\frac{1}{2}$
Total	...	...	$6\frac{1}{2}$

per worker per week.

In unemployment no contribution is paid by the workman.

Compulsion is effected, as in the case of the National Health Insurance, by compelling the employer to pay the joint contribution of himself and his workman, and giving him power to deduct the workman's share from wages.

It is believed that these contributions will be sufficient to provide for the insured workman, in unemployment, (after the first week), a Money Benefit of 7s. per week up to a maximum of 15 weeks in any 12 months.

The workman becomes eligible for Benefit in unemployment after having paid 26 contributions.

The administrators of the scheme are the Board of Trade, working through the Labour Exchanges. To these an "Unemployment Officer" will be appointed to receive claims. The Labour Exchange provides an automatic means of checking claims, since the workman, who has to go to it for his Benefit, must either be provided with suitable work by the Exchange or given his Benefit. The Exchange will thus, in effect, give either work or out-of-work pay. The main condition of receiving Unemployment Benefit is that the man must be capable of work, but unable to obtain it. The Labour Exchange will be in the best possible position to judge of that, since the workman if properly claiming benefit will be registered as unemployed.

The workman is protected from acting as blackleg in labour disputes. Ordinarily, of course, he must take suitable work if offered him by the Exchange, but he can decline to interfere in a strike or lock-out and draw his Unemployment Benefit as though no job were available.

Similarly with regard to rates of wages. A workman can refuse a job at less wages than he customarily receives without losing his right to Benefit.

When a Trade Union pays Unemployment Benefit it can administer the State scheme for its members instead of the Labour Exchange, drawing from the Board of Trade the funds for the purpose.

The Unemployment scheme is designed to reduce as well as to alleviate unemployment. Prevention is, of course, impossible under present conditions, but certain provisions are introduced to encourage regularity as much as may be. The chief of these is that when an employer shows that he has employed a man continuously for a year he can recover one-third of the contributions he has paid in respect of the man, *i.e.*, one-third of 10s. 10d.

It remains to describe broadly the second or voluntary side of the Insurance scheme.

This consists in encouraging Trade Unions in *any* Trade to arrange schemes of Unemployment Benefit for their members. If they do so they may be granted by the State, out of moneys provided by Parliament (*not* out of the Unemployment Insurance Fund), one-sixth of what they pay out, up to a maximum benefit of 12s. a week.

The description in detail which follows in the succeeding chapters

will show that the scheme has been most carefully worked out. It is an exceedingly valuable social experiment, and the nation is much indebted to its chief author, Sir Hubert Llewellyn Smith, of the Board of Trade, and to two successive Presidents of the Board of Trade, Mr. Sydney Buxton and Mr. Winston Churchill, for starting it on its useful career.

It may be added that the German Imperial authorities, after careful examination of the subject, and in spite of the existence of a well-organized and long-established system of public labour exchanges, decided a few years ago that compulsory national insurance against unemployment was impracticable. There have been one or two small continental municipal schemes of unemployment insurance put into operation, but their experience is scarcely worth relating. The compulsory insurance of some 2,500,000 workers by the scheme described above will be the first large-scale experiment in unemployment insurance in the world. If it is successful, as it deserves to be, we shall have done something to repay the debt which we owe to Germany for her own great and fruitful experiments in Social Insurance.

By Section 115 the National Unemployment Insurance comes into operation on July 15, 1912, but if it is found impossible to complete working arrangements in time, the date of operation may be postponed by Order in Council to a date not later than October 1, 1912.

CHAPTER XXV

THE WORKMEN COMPULSORILY INSURED

The “Insured Trades” (*Sections 84, 103, 104, and Sixth Schedule*).

THE compulsory scheme begins by scheduling certain trades to which alone it is to apply. These trades are chief amongst those peculiarly subject to irregularity of work, and are as follows:—

(1) BUILDING ; *i.e.*, the construction, alteration, repair, decoration or demolition of buildings, and including the making of wood fittings of a kind commonly made by builders.

The building trades feel acutely the effect of general variations of trade, and they are also hard hit by seasonal fluctuations. Of late years, too, a change of method has been felt by some of its varied employments through the rapid progress of ferro-concrete. The “pouring-out” of buildings is playing havoc with the employment of bricklayers, masons, and carpenters, and is likely to affect them still more in the near future.

(2) CONSTRUCTION OF WORKS ; whether in connection with railways, ports, canals, bridges, or any other work of construction, including repairs and alterations.

The many kinds of contract work are also markedly variable in the quantity of employment they afford, and they are badly hit by severe weather.

(3) SHIPBUILDING ; including building of boats, or other craft, or parts or tackle thereof, and including alterations or repairs (but not including persons members of a ship’s crew).

This is perhaps the trade above all to feel the vagaries of trade. Because ships carry so much of the produce of almost all trades, the effects of general depression mean for those connected with ships an aggregation of depressions. In “slump” years it is not uncommon for one in five, one in four, or even one in three of shipyard workers of a district to be thrown idle. A Trade Union serves the actual shipbuilders, but there are subsidiary employments to which the Act affords help the persons engaged in them have been hitherto denied.

(4) MECHANICAL ENGINEERING; covering every branch of engineering, and including the making of firearms and ordnance.

(5) IRONFOUNDING; whether or not included under the foregoing headings.

These are also severely visited trades. Engaged in making the instruments of production, engineers feel in bad times a concentration of the adversities of other manufacturers.

(6) VEHICLE MANUFACTURE; including every sort and kind of vehicle or parts of vehicles, and including repairs.

This covers, of course, the motor-car and cycle trades as well as the making of carts or wagons or railway vehicles, and many of these industries have special seasons of depression in addition to the effects of general irregularity. Cycle-making, for example, is for obvious reasons a trade which slumps in winter.

(7) SAWMILLING (including machine woodwork) carried on in connection with any other of the Insured Trades or of a kind commonly so carried on.

These are trades which, intimately connected with building construction, feel all the vagaries which are unhappily associated with it.

These seven trades, or rather groups of trades, cover many branches and subsidiary trades, and on the other hand they may be broadly described as the Building and Engineering industries.

They are termed by the Unemployment Section of the Act "Insured Trades," and wherever that term is employed the above trades are to be understood as referred to.

Number of Persons Compulsorily Insured.

The last available Census returns of United Kingdom occupations relate to 1901, and it will be understood, therefore, that the actuary who prepared the details of the scheme for the Government, Mr. Thomas G. Ackland, had to estimate the extent of existing employment in the Insured Trades from the 1901 figures, with due regard to the increase of population in the succeeding eleven years. Mr. Ackland's figures, originally estimated for March, 1912, (and subject to some slight variations which, in view of the partly conjectural character of the figures, we may disregard), given on page 326, may be taken roundly as applicable to the date of the Act's first operation, July 15, 1912.

We may put it, roundly and with sufficient accuracy, that 2,500,000 persons are brought into compulsory insurance.

Of these 2,500,000 persons, not more than 465,000 belong to Trade Unions, and of these 465,000, not more than 350,000 belong to Trade

Unions granting Unemployment Benefit apart from a mere travelling allowance when in search of work.

It should be observed that almost all these persons are *males*. Only under the heading "Vehicle Manufacturers" are any women or girls included, and there they are solely found, I think, in connection with the cycle trade, in which they are employed in assembling small parts—which is a not unsuitable trade for women—and, I regret to add, in punching rims and in cleaning frames, which are occupations wholly unfitted for women.

ESTIMATED NUMBER OF PERSONS IN THE INSURED TRADES.

(BASED—IN THE TERMS OF THE NATIONAL INSURANCE BILL AS FIRST INTRODUCED—ON PERSONS OVER 18 IN 1912. THE INCLUSION IN THE ACT AS PASSED INTO LAW OF BOYS OF 16–18 AND EXCLUSION OF APPRENTICES ADDS ABOUT 100,000 TO THE AGGREGATE.)

Class of Insured Trade.	Building Group.	Engineering Group.	Total.
Building	1,248,000	—	1,248,000
Engineers and Ironfounders ...	—	777,000	777,000
Shipbuilders	—	137,000	137,000
Mill-sawyers	23,000	20,000	43,000
Vehicle Manufacturers	—	116,000	116,000
General Labourers	50,000	50,000	100,000
Total "Insured Trades" ...	1,321,000	1,100,000	2,421,000

In this connection the definition of "workman" for the purposes of the Unemployment Insurance should be noted (Section 107):—

The expression "workman" means any person of the age of 16 or upwards, employed wholly or mainly by way of manual labour, who has entered into, or works under, a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice.

Thus all salaried persons in the Insured Trades are excluded, which is a recognition of the curious fact that while the product of an Insured Trade is jointly produced by mental and manual labour, the salaried persons are not subjected by custom to the vagaries of employment

which harass the wage-earners. I have used the terms "mental" and "manual," but they are curiously inappropriate in connection with some of the callings concerned. For example, a bricklayer who builds an arch or a curved chimney-flue is performing a combination of mental and manual operations of no mean order, but we term his work "manual," while characterizing as "mental" the mere entering up of figures in a book. A bricklayer, or a carpenter, is easily the mental superior, by reason of the constant exercise of his brain in overcoming difficulties of detail and computation, of the ordinary clerk. Yet custom gives the one an irregular wage and turns him adrift the moment his job is ended, while giving the other, the inferior and less skilled workman, a regular salary and a superior status. Thus we often lead the sons of bricklayers and carpenters to conceive honest skilled and honourable professions as beneath the sons of their fathers. May Unemployment Insurance take us even a little step along the road which leads to the universal distribution of "manual" tasks, and the consequent winning of honourable ease for all men!

To return to the definition, it will be seen to apply the term workman to both sexes, and to all those over 16 years of age, excluding apprentices and excluding other than "manual labourers." It applies alike to the skilled and to the unskilled, to the organized and to the unorganized.

It should be noted that, by Section 107, in deciding whether a workman is in an Insured Trade, regard is to be had to his own occupation and not to that of his employer.

Workmen employed by the Crown are included, unless they are "established" or pensionable, but the system may be adapted (Section 107) to suit their special circumstances.

Workmen in private or municipal employ who have security of tenure similar to that enjoyed by "established" workmen under the Crown, may (Section 107) be exempted from Compulsory Insurance.

Reservists or Territorials in training who, prior to their training, were working in any Insured Trade, are to continue in Compulsory Insurance, and the Crown is considered their employer (Section 98).

In the case of workers whose principal work is not an Insured Trade, and who do work in an Insured Trade occasionally in a rural district, no contributions are payable (Section 97), unless by agreement between employer and employed.

In connection with a scheme covering groups of industries within which there is a considerable variety of employments, questions may conceivably arise as to whether or not a particular worker or class of workers is within the compulsory provisions or not. The duty of preliminary decision rests with the Board of Trade, but (Section 91)

final decision, in case of any dispute, whether by employer or employed, rests with an independent Umpire appointed by the Crown, and special provision is made to enable employers, workmen, or the Board of Trade to obtain decisions of the Umpire before the Act comes into operation.

The Board of Trade may (Section 103) by Special Order, and after a public inquiry, add to the number of Insured Trades with the consent of the Treasury, but the expenditure out of State money is not to be increased beyond £1,000,000 a year within three years of the making of the order.

The Board of Trade are given power (Section 104) to exclude, by Special Order, from Compulsory Insurance, subsidiary occupations connected with the Insured Trades, but the Special Order must be laid before Parliament for approval.

CHAPTER XXVI

THE COMPULSORY CONTRIBUTIONS

Amount of the Contributions (Section 85, Eighth Schedule, etc.).

IN the normal case, the workman in an Insured Trade pays a compulsory contribution of $2\frac{1}{2}$ d. per week, and the employer pays a compulsory contribution of $2\frac{1}{2}$ d. per week for each insured person in his employ.

To this joint contribution of 5d. the State adds one-third, i.e., $1\frac{2}{3}$ d., making a total contribution in respect of each normal workman of $6\frac{2}{3}$ d. for each week of employment.

As workmen are often employed for less than a week, the following provisions are made:—

If the period of employment exceeds two days it is counted as a whole week, and the normal 5d. is paid.

If the period of employment is two days or less, then for each day the employer and employee pay each 1d.

As boys, if not under 16 years of age, are included in the scheme, it is provided that the contribution of a worker below the age of 18 is to be 1d. for the worker and 1d. for his employer.

Whatever the contribution the State adds one-third.

It will make the contributions clearer if we set them out in tabular form :—

COMPULSORY CONTRIBUTIONS TO THE UNEMPLOYMENT INSURANCE.

Age and Period of Employment.	Employer.		Worker.		State.	Total.
	Per Week. Pence.	Per Week. Pence.	Per Week. Pence.	Per Week. Pence.		
For workmen, 16 to 18 years	1		1		$0\frac{2}{3}$	$2\frac{2}{3}$
For workmen over 18 years:						
(a) When employment is for a week or more than 2 days		$2\frac{1}{2}$	$2\frac{1}{2}$		$1\frac{2}{3}$	$6\frac{2}{3}$
	Per Day. Pence.	Per Day. Pence.	Per Day. Pence.	Per Day. Pence.	Per Day. Pence.	Per Day. Pence.
(b) When employment is for 2 days or less	1		1		$0\frac{2}{3}$	$2\frac{2}{3}$

During unemployment, from whatever cause, and whether the workman is in benefit or not, no contribution is required of him.

The State bears all costs of management and administration beyond 10 per cent. of the income of the Unemployment Insurance Fund. In the case of the normal joint contribution, which is 6½d., that means that 6½d. – ¾d., or 6d., is available for benefits.

Should the Contributions be Larger ?

In view of the severe character of unemployment in most of the Insured Trades, and the necessarily imperfect data upon which it is founded, I feel some regret that the contributions were not fixed at a higher rate, say 3d. for the workman and 4d. for the employer, making 7d., with a State addition of 2d., making 9d. This would have assured a benefit of 9s. a week in unemployment with a fair margin for contingencies, and more nearly assimilated the rate of benefit with that paid in sickness under the Health Insurance. I have named a higher rate for the employer than for the employed because the employer has a greater responsibility in regard to unemployment than in regard to sickness. It is the margin of unemployed labour, and the power to employ and dismiss at a moment's notice which goes with it, that is used by the capitalist as the buffer between him and bad times. It is a sort of Human Reserve Fund, far more effective than any financial reserve fund, which helps to adjust the employer's finances as between good and bad years. There is a strong case for making the employer's contribution larger, and if the estimates of the scheme fail, this must be borne in mind.

Organizing Casual Labour—Opposing Views.

Particularly do these observations apply to the case of employment for less than a week. There is an excellent and salutary measure of penalization in causing the employer to pay 1d. for each day for a period of employment of less than three days, which means a payment of 6d. a week if three separate men are taken on and knocked off again in the same week and each employed in that week for 2 days.

That is as it should be, for it amounts to making casual labour dearer to use than continuous labour. The strength of this proper penalization, however, has been somewhat lessened by the provisions of Section 99, which is summarized thus by the Board of Trade themselves :—

In the case of workmen already in the service of an employer, or subsequently engaged by him through a Labour Exchange, the Labour Exchange may, by arrangement with the employer, undertake on his behalf the whole duty of keeping and

THE COMPULSORY CONTRIBUTIONS 331

stamping insurance books, and, further, may treat all the periods of employment of the same or different workmen engaged by that employer through the exchange as a single continuous period of employment of one workman. *In other words, an employer who uses the exchange may pay according to the amount of labour he has, in fact, used, even though the employment has been discontinuous, and though he has not always had the same man.* Correspondingly, a man engaged through the Labour Exchange by one or more employers with whom an arrangement has been made will be allowed to pay at the rate of a single contribution per week, however many separate engagements he has had. (The italics are mine.)

The intention of the Section is to induce employers and workmen, particularly the former, to use the Labour Exchanges, in connection with the theory that Labour Exchanges can eliminate casual labour. It is more than questionable, however, whether this offer of the Labour Exchange to relieve an employer of the responsibility of employing casuals—an offer which, if accepted, relieves the employer of penalization by extra payments for casual workers—does not encourage rather than diminish discontinuous employment. I do not myself believe that the deliberate organization of casual labour can rid us of the evil, but it is only fair to add that the opposite view is widely accepted. Most certainly the well-organized Labour Exchanges of Germany have not eliminated casuals. I leave the subject here with an expression of strong and growing doubt, while I fully recognize the excellent intentions of the Section criticized.

Deductions from Wages and Consequent Economy (Section 85).

Compulsion is exercised in practice, as in the case of the Health Insurance, by collecting the joint contribution of employer and employed from the employer, and enacting that the employer may deduct the workman's share in paying wages.

It is illegal for the employer to deduct his own proper contribution from wages, and any agreement entered into to enable him to do so is null and void.

The contributions will normally be paid by the employers to the Board of Trade through the Postmaster-General by the purchase of specially designed stamps at post offices, which stamps will be affixed to the employee's Insurance Book in proof of payment. The workmen will be reminded, by the employer stamping his Insurance Book with 5d., while deducting only half that sum from the wage, that the Unemployment Insurance scheme, like the Sickness Insurance scheme, is not really a deduction from wages but an addition of 2½d. a week to wages.

The economy of collecting through the employer is obvious. It is done for the mere cost of stamps and a little bookkeeping, whereas

collection from the workman would cost fully 33 per cent. of the contributions paid.

Return of Contributions at Age 60 (*Section 95*).

At the age of 60 a workman may demand and recover from the Unemployment Fund the amount, if any, by which his own contributions (not including those of the employer and the State) exceed the amount of benefit which he has enjoyed, with compound interest at $2\frac{1}{2}$ per cent.

If the insured workman dies after reaching the age of 60 and before claiming return of any such balance of contributions his personal representatives may recover it.

There are distinctly two sides to the provision. The first is that it is an encouragement to workmen to be steady in their employment. It is very doubtful, however, whether it can have any decided influence in this respect.

The second is that it is surely subversive of the principle of such an insurance for the workman to have his cake and eat it too. If a workman reaches age 60 without having suffered much unemployment in a normally precarious trade, he has had his luck, and has no good reason to regret that he has paid 10s. 10d. a year against the great risk of unemployment. He has actually enjoyed protection from risk all the time, and the fact that he has come through without unemployment does not alter the fact. He has not been unlucky not to draw benefit, but luckier than his insured fellows who have suffered and who at 60 have no balance to their credit.

On the whole, and especially in view of the uncertainty of the data upon which the scheme is based, I think the drawing-out provision unfortunate.

Employers Encouraged to give Regular Employment (*Section 94*).

With a view to encouraging regular employment, an employer who employs a workman continuously throughout a prescribed period of 12 months, can recover one-third of the contributions he has paid on account of the workman.

CHAPTER XXVII

MACHINERY OF THE UNEMPLOYMENT INSURANCE

Board of Trade Control.

BEFORE proceeding to deal with the benefits granted by the Unemployment Insurance system, it will be convenient to describe the machinery employed in its administration.

The system is kept quite distinct from the National Health Insurance. It is controlled and administered in general by the Board of Trade through the Labour Exchanges, but its local administration may be deputed to Trade Unions.

The Board of Trade control of the Unemployment Insurance is thus more intimate than the control of the Health Insurance by the Insurance Commissioners, for it extends to local administration, and is not merely confined to general supervision and co-ordination. It appoints local servants as well as a central staff, and such inspectors, &c., as it may deem necessary, with the approval of the Treasury.

The Unemployment Fund (*Sections 92, 93*).

An "Unemployment Fund" is established under the control and management of the Board of Trade. Into it will be paid the contributions described in the last chapter, and out of it will be paid, through local *official or unofficial* agencies, the benefits described in the following chapter. The accounts will be audited by the Comptroller and Auditor-General.

Any surplus accumulating will be invested by the National Debt Commissioners in accordance with the rules governing the investment of Savings Banks' moneys.

As will be seen by a study of the finance of the scheme (Chapter XXXI.), it is quite possible that in a year of bad trade the fund might be temporarily exhausted, although not actually insolvent. It is therefore provided that the Treasury may advance money to the Unemployment Fund out of the Consolidated Fund on the security of

the future income of the Unemployment Fund. Such advance is not to exceed £3,000,000 at any time. If, while the advance is outstanding, it appears to the Treasury that the Unemployment Fund is insolvent, the Board of Trade shall, if the Treasury so directs, make by order such modifications of the contributions to or benefits paid out of the Unemployment Fund as they may deem desirable to restore solvency. It is provided, however, that the joint contribution of employer and employed is not to be raised more than 1d. per workman per week, and that the benefit is not to be reduced below 5s. per week. The order must be laid before Parliament with a special report explaining the reasons for making it, and it is to lapse three months after solvency is restored.

The Labour Exchanges and "Insurance Officers" (Section 88).

The Unemployment Section of the National Insurance Act, like most Acts of Parliament, does not explain itself. Section 88 states that the local administration of the Unemployment Benefit is to be placed in the hands of "Insurance Officers" specially appointed for the purpose.

It is the intention to attach these "Insurance Officers" to the Labour Exchanges, a chain of which has been already established throughout the country. Where there is no Labour Exchange, a local sub-office will be established under the immediate control of a Labour Exchange. So the entire nation will be brought within the scope of the system with great economy, for the offices of Labour Exchanges will in few cases need enlargement in order to cope with this insurance business which is intimately and organically connected with their other work. The "Insurance Officer" is the chief addition to staff, and I imagine that in small towns no new officer will be required at all.

The number of Labour Exchanges now established (January, 1912) is 273, of which—

216	are in England
20	,, Wales
25	,, Scotland
12	,, Ireland

273

These received in the five weeks ended December 29, 1911, 139,263 applications for employment and 53,018 notifications of vacancies. Relating the applications to the vacancies notified, they filled 40,481 vacancies in the five weeks. It is of particular interest, in view of our present subject matter, to show what trades were dealt with. In

December, 1911, the applications on the Register at some time during the month occurred in the following groups of trades:—

Men—

Building ... ...	...	17·0 per cent.
General Labourers	...	16·7 „ „
Conveyance...	...	16·7 „ „
Metals, Engineering	...	16·1 „ „

Women—

Domestic Service ...	...	47·1 „ „
Food, Drink, Lodging	...	11·2 „ „
Textiles ... ...	...	10·3 „ „
Dress ... ...	...	6·4 „ „

It will be seen, therefore, that the Labour Exchanges already deal with many men who become compulsorily insured against unemployment in 1912.

The above figures all refer to the General Register of Adult Workers. In addition the Labour Exchanges have a Juvenile Register, which in the same five weeks received 21,584 applications, and a Casual Employment Register, which in the same period received 3,331 applications. The total statistics for the five weeks ended December 29, 1911, are given on page 336.

These facts help us to understand the existing machinery and how it is possible to use that machinery, through the "Insurance Officer," for the Unemployment Insurance System.

Behind the Insurance Officer an Impartial Committee (*Sections 89, 90*).

The "Insurance Officer" is entrusted with considerable powers, but there is an appeal from his verdicts. In case of dispute his decisions are subject to the review of a "Court of Referees," chosen from panels of employers and employed constituted by the Board of Trade. In each district a Court of Referees will be formed, upon which employers and workmen will have equal representation, with a Chairman appointed by the Board of Trade.

The Court of Referees, by virtue of its composition, will probably be able to settle most questions referred to it by disputants. A further and final appeal is given, however, to an Umpire appointed by the Crown.

Trade Union Alternative Administration (*Section 105*).

The Board of Trade, however, is given power to delegate its function of local administration to Trade Unions. When this is done the Trade

Unionist out-of-work will apply to his Society instead of to the Labour Exchange, and no State Insurance office will intervene. This is dealt with in fuller detail in Chapter XXIX.

In cases of dispute between a Trade Union and its member on the

WORK OF THE LABOUR EXCHANGES.

FIVE WEEKS ENDED DECEMBER 29, 1911.

	Applications Received (includes re-applications of persons found work in period).	Vacancies Notified in Period.	Vacancies Filled in Period.
Adults General Register :—			
Men	109,965	37,758	29,337
Women	29,298	15,260	11,144
Total	139,263	53,018	40,481
Juvenile Register :—			
Boys	13,524	8,458	6,161
Girls	8,060	4,753	3,558
Total	21,584	13,211	9,719
Casual Register :—			
Men	2,335	?	1,667
Women	996	?	273
Total	3,331	?	1,940*
Grand Total... ...	164,178	66,229 +	52,140

* The 1,940 men were given 11,510 separate jobs between them.

subject of the State Unemployment Benefit, and *that only*, appeal can be made to the Umpire, who is also the final court of appeal in the case of the official administration through Labour Exchanges.

CHAPTER XXVIII

THE OUT-OF-WORK BENEFIT

The Rates and Periods of Unemployed Benefit (*Seventh Schedule*).

THE rate of benefit is 7s. per week during unemployment, payable after the first week of unemployment for a period not exceeding 15 weeks in any period of 12 months. If the workman is under 17 years of age he is not paid any benefit, and his contributions accumulate against a later period when he will have more need for benefit. If the workman is over 17, and not over 18, he receives one-half the normal rate of benefit, viz., 3s. 6d. per week up to a maximum of 15 weeks in any 12 months. To restate these provisions in another form :—

For Workmen over 18 years of age—

(After the first week of unemployment) 7s. per week up to a maximum of 15 weeks in any 12 months.

For Workmen from 17 to 18 years of age—

3s. 6d. per week up to a maximum of 15 weeks in any 12 months.

For Workmen under 17 years—

No benefit.

It is provided that the unemployed insured workman is not to receive more than one week's benefit for every five contributions which he has paid. This provision is thus explained by the sponsors of the measure: “This rule, while it will not be felt by men who work steadily in youth, and only make large claims on the fund in exceptional trade depressions or in their later years, will restrict the claims to benefit of men who are incompetent or idle. The same rule provides also an automatic means of dealing with the claims of those who work

partly at an insured trade and partly in another trade. Such men will get a correspondingly reduced claim upon the fund."

In view of this rule, it becomes necessary to make a special provision to bring into benefit, without undue delay, new entrants to the Unemployed Insurance. A man becomes eligible for benefit after paying 26 contributions, and if the above rule applied to him, and he became unemployed at the twenty-seventh week, he would be eligible for only 5 weeks' benefit within 12 months. It is therefore provided that if a workman has been working in an insured trade before the passing of the Act, there shall be deemed to be added to the number of contributions which he has actually paid, 5 contributions for each 3 months during which he has worked in the trade up to a maximum of 25 contributions.

Therefore, the normal workman, after he has paid the 26 actual contributions required before he can draw benefit at all, will be treated as having paid 51 contributions, and will be eligible accordingly for 10 weeks' unemployed benefit. After the lapse of another six months he becomes eligible for the full 15 weeks' benefit.

In view of the experimental character of the system, and the character of the available data upon which its finance is based (see Chapter XXXI.), power is given to the Board of Trade to vary benefits, either by way of increase or decrease, if it should be found necessary, but they may not reduce benefit below 6s. without a Special Order made after a public inquiry.

The probability is, however, that if such a public inquiry were found necessary, Parliament would feel it necessary to revise the scheme in order to prevent the benefit falling below 6s.

The Workman's Documentary Title (*Section 85*).

The workman's documentary title to Unemployed Benefit is his "Insurance Book," which he obtains from the Labour Exchange, or Trade Union, or Post Office, and presents to his employer every week to be stamped when his wages are paid. The stamped Insurance Book proves that he is insured, and therefore entitled, if out of work, to Unemployment Benefit within the statutory conditions. The unemployed man presents it to the Labour Exchange or to his Trade Union with a citizen right conferred upon him to ask for work, or, failing work, out-of-work pay. "Every workman who, having been employed in . . . an insured trade, is unemployed, and in whose case the . . . statutory conditions are fulfilled, shall be entitled . . . to receive . . . unemployment benefit," runs Section 84. It amounts to a recognition of the right to work or to maintenance.

Statutory Conditions Attaching to the Citizen Right (Section 86).

The statutory conditions which make an insured workman eligible for Unemployment Benefit are as follows :—

(1) He has to prove that he has been working in an Insured Trade for at least 26 separate weeks in the preceding 5 years. This, of course, is to insure that the Benefits shall be paid to men who have really been connected with an Insured Trade. As only a fraction more than 5 weeks per annum for 5 years is specified, the *bona-fide* workman will find no difficulty in this condition.

(2) He has to show that he has made application for Unemployment Benefit in a prescribed manner, and that he has been continuously unemployed since the date of his application. This simply means that upon becoming unemployed he must take his Insurance Book to the Labour Exchange or to his Trade Union, and register himself as out of work.

(3) He has to show that he is capable of work, but unable to obtain suitable employment. This simply means in practice that the Labour Exchange or Trade Union will readily know whether he is able to obtain suitable employment, for if it were going, he could be found a job.

(4) He must not have exhausted his right to benefit, *i.e.*, he must not have received the full one week's benefit for each 5 contributions paid.

But there are some important provisos to protect the workman from possible interpretations of these statutory conditions. These are :—

(a) With regard to strikes or lock-outs. He has the right to decline, with regard to the third condition above, to interfere in a labour dispute which does not concern him by accepting a situation in connection with it. In this connection, it should be noticed that the term "Trade Dispute" is defined in such manner as to cover a sympathetic dispute.

(b) With regard to rates of wages. The unemployed workman, without forfeiting his right to benefit under Section 3 above, may decline either—

(i.) An offer of employment in the district where he was last ordinarily employed, at a rate of wage lower, or *on conditions less favourable, than those which he habitually obtained* in his usual employment in that district, or would have obtained had he continued to be so employed ; or,

(ii.) An offer of employment in any other district at a *rate of wage lower, or on conditions less favourable, than those generally observed* in such district by agreement between

associations of employers and of workmen, or, failing any such agreement, than those *generally recognized in such district by good employers.*

Thus a man may refuse a job at less than his ordinary wages in his own neighbourhood, or an offer of a job at a distance at less than the recognized fair wages of the locality.

Let us suppose that, before becoming unemployed, a workman has been receiving 25s. a week. He will not be deprived of benefit merely because he refuses to accept another job in the same district at 23s.; he can hold out for his old accustomed rate of pay, and draw Unemployed Benefit if he is otherwise entitled to it.

Of course, a man is not entitled to Unemployed Benefit if he is directly involved in the strike or lock-out.

A few disqualifications have to be noted :—

(1) A workman is disqualified who is out of work from misconduct, or who leaves his work without proper cause; the disqualification, however, only lasts for six weeks.

(2) A workman is disqualified while imprisoned, or if he goes into the workhouse or leaves the country.

(3) A workman is not eligible for Unemployment Benefit while he is receiving money benefit (Sickness or Disablement Benefit) under the National Health Insurance.

Workman's Relations with the Labour Exchange (*Sections 88, 90, &c.*)

For the workman to continue to receive benefit, we have seen that it is a statutory condition that he must show that he is "continuously unemployed." This means that he must turn up at the Labour Exchange regularly, and continue to sign the unemployed register daily during working hours. This at once protects the Unemployment Fund and ensures that if the Labour Exchange hears of work it may direct the workman to it.

The workman's application is to the Insurance Officer, in cases where he is not a Trade Unionist whose Society administers the system. The Insurance Officer decides in the first place whether the workman is entitled to benefit, or whether he is entitled, let us say, to refuse an offer of work because of its conditions. In cases where the workman is dissatisfied with the Insurance Officer's decision, he may appeal to the Court of Referees described in the last chapter. These Courts will sit frequently, so that there will be no delay in arriving at decisions. It is contemplated that the Courts shall sit in convenient centres weekly, and clear up all the appeals for the

week. The workman can make his appeal without charge, and if he has to attend the Court, he will receive his travelling expenses. If the Court of Referees agree with the Insurance Officer, their decision is final. If they differ, a further appeal lies to the Umpire appointed by His Majesty, whose decision is final.

Some Miscellaneous Points.

The benefits paid under the Unemployment Insurance are inalienable, and all contracts seeking to make them otherwise are null and void.

When Boards of Guardians are making a grant of outdoor relief they are to exclude consideration of the receipt by a workman of Unemployment Insurance (as of Health Insurance) up to the limit of 5s.

CHAPTER XXIX

THE SEPARATE SCHEME OF SUBSIDIES AND THE GENERAL AID TO TRADE UNIONS

The "Ghent" System.

THERE has been in practice for some years in certain foreign countries, either municipally or nationally, a system of Unemployment Insurance which has come to be called the Ghent system, because it originated at that place.

The system consists of leaving Unemployment Insurance entirely to the voluntary efforts of Workmen's Associations, and to restrict State interference to the encouragement of such voluntary efforts by subsidies in respect of the Unemployment Benefits distributed. This system spread with various modifications from Ghent to Holland, Italy, France, Germany, Denmark, and Norway. In the last-named two countries and in France such subsidies have been granted by the National Government. The plan has a good deal to recommend it, and it has been especially favoured by those who have conceived it next to impossible to check claims under a compulsory system.

The National Insurance Act, Part II., has very wisely grafted this Ghent system on to its main scheme of compulsory insurance, and by virtue of this important provision there is reason to believe that a very substantial addition may be made to the 2,500,000 workers who, we have seen, are brought within the main compulsory provisions.

Subsidies to Trade Unions (*Section 106*).

The Board of Trade are given power, with the consent of the Treasury, to make grants to "any Association of persons not trading for profit, the rules of which provide for payments to persons whilst unemployed," i.e., Trade Unions. The Trade Union may be concerned with any description of industry whatsoever, and not necessarily one of the Insured Trades.

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The grant is not to exceed one-sixth of the aggregate amount paid out in Unemployment Benefit by a Trade Union, and it is not to be paid in respect of Unemployment Benefit exceeding 12s. a week. This subsidy, in the case of Trade Unions administering the Compulsory Unemployment Insurance Benefit of 7s., is not to apply to sums paid to the Trade Union in respect of the fact that it dispenses the State Benefit (on this see also page 345.)

Let us see what this means to some typical large and small Trade Unions connected with trades not included amongst the Insured Trades.

TYPICAL TRADE UNIONS WHICH WILL BENEFIT BY THE SUBSIDY SYSTEM.

Trade Union.	Membership.	Paid Out in Unemployment Benefit (1908).	State Subsidy (One-sixth).
Silversmiths' Operatives ...	573	539	90
Rochdale Card Operatives ...	4,204	2,049	340
Operative Lacemakers ...	3,078	6,955	1,160
Amalgamated Dyers ...	7,724	2,330	380
Boot and Shoe Operatives ...	30,508	9,186	1,530
Clothiers' Operatives ...	2,538	722	120
Journeymen Felt Hatters ...	3,767	1,343	223
Original Society Papermakers	575	1,137	190
Amalgamated Papermakers...	1,155	945	159
London Compositors ...	12,202	24,071	4,012
Typographical Association...	20,254	11,425	1,904
Bookbinders and Machine Rulers	4,714	3,925	652
Amalgamated Cabinetmakers Furnishing Trades' Associa- tion...	2,956	4,685	930
Amalgamated French Polishers	6,636	11,883	1,980
Amalgamated Upholsterers	845	1,307	217
Glass Bottlemakers of York- shire	1,900	3,108	518
Amalgamated Operative Bakers	2,483	5,568	928
	5,257	1,965	327

It will be seen how substantially the Trade Unions outside the compulsorily Insured Trades stand to benefit by the subsidy system. Their efforts, which it is not too much to say are invaluable to the nation, will be encouraged, and their membership stimulated.

And there are a very large number of Trade Unions connected with trades which suffer in no small degree from irregularity which do not

at present attempt to grant unemployment benefits. The following are typical instances :—

TYPICAL TRADE UNIONS WHICH DO NOT PAY UNEMPLOYMENT BENEFITS.

Trade Union.	Membership.
Operative Bakers of Scotland	5,037
United Ovenmen (Pottery)	600
Operative Brickmakers	200
Scottish Cabinetmakers	80
National Union of Dock Labourers	22,075
Dock, Wharf and General Workers...	13,262
Amalgamated Bootmakers	1,623
Dundee Jute Workers	3,728

All these, and many others that might be named, are not included amongst the compulsorily Insured Trades under the Act, but it is to be hoped that many of them will be stimulated to arrange unemployment schemes and avail themselves of the State subsidy.

General Position of Trade Unions (*Section 105*).

It will be convenient here to return to the provision that Trade Unions may administer the Compulsory Unemployment Insurance set up for the seven groups of Insured Trades.

In many of the Trade Unions in the Insured Trades, an Unemployment Benefit is already granted, and sometimes it exceeds the 7s. of the State Benefit.

When a workman belongs to a Trade Union which grants Unemployment Benefit, and he is subject to deduction from wages under the Act, the 2½d. deducted by his employer becomes in effect part of his Trade Union subscription. If he becomes unemployed, he will, if his Trade Union administers the compulsory State Insurance, take his Insurance Book to his Trade Union and obtain from them the 7s. State Benefit, plus the balance of the Trade Union Benefit if it exceeds the State's 7s.

The Board of Trade, when it grants permission to a Trade Union thus to administer, will arrange to pay to it out of the Unemployment Fund, as many sums of 7s. as the Union pays out to its members. In order, however, to interest the Trade Union in economy, and to encourage the provision of benefit beyond the 7s., it is provided that repayments to a Trade Union shall not exceed three-fourths of what it has itself expended. This means, in effect, that a Trade Union administering this scheme must give a benefit of about 10s. to 12s. a week to obtain the full benefit of the State Insurance.

Let us now see where Trade Unions stand in respect of the compulsory and voluntary sides of the scheme.

CASE 1.—Trade Union in an Insured Trade (*i.e.* its members are compulsorily insured for 7s. a week) which is paying out-of-work benefit of 12s. a week, and which administers the State Insurance.

Let us suppose that the Trade Union has 1,000 members unemployed during a year, and that they draw between them 5,000 weeks of Unemployment Benefit. That means that the Trade Union would pay out altogether £3,000 in out-of-work pay in the year. £1,750 of this (*i.e.* 5,000 times 7s.) the Union would get from the Board of Trade in connection with the Compulsory Insurance. Of the balance of £1,250, £208—or one-sixth—would also be repaid them by the Board of Trade under the subsidy scheme, *leaving only £1,042 to be found out of the Society funds in respect of a total Unemployment payment of £3,000.*

CASE 2.—Trade Union not in an Insured Trade, which pays an out-of-work benefit of 10s. a week. Its only relation with the Board of Trade under the Insurance Act is in connection with the subsidy plan. The Board of Trade will repay to it one-sixth of what it pays out in benefit. If it has 1,000 members out of work in a year and they draw between them 5,000 weeks of benefit at 10s. or £2,500, the Trade Union will receive a subsidy of £416.

Trade Unions will thus be greatly helped in *all* their functions, for, in view of the assistance given them in connection with Unemployment Insurance, more of their funds become available for general purposes.

CHAPTER XXX

INSURANCE IN RELATION TO PREVENTION OF DESTITUTION

General Preventive Effects.

INSURANCE against unemployment does not, of course, remedy unemployment, or destroy what I have termed the *inherent irregularity of work*. The unemployed man drawing out-of-work pay is still unemployed, and his labour is just as much lost to the nation. Insurance, however, indirectly prevents a certain phase of unemployment only too likely to arise when a workman is idle and without maintenance. The unemployment treated of in this work is the unemployment of men capable of work who cannot find work to do. There is, however, another phase of unemployment exhibited in the person of the unemployable man, and the unemployable man is often a product of the deterioration of men through recurrent lack of employment combined with lack of maintenance. Undoubtedly the National Insurance Act will prevent the manufacture of unemployables, and it will do so in the working of both its Health section and its Unemployment section.

The unemployed workman, with his Insurance Book, and his citizen right to work or maintenance, kept in constant touch with an intelligent department which he knows to be doing its best to find him employment, is a man in a very different frame of mind from, and a man much less likely to fall into despair and destitution than, the same man without status and without recognition, wandering at large from foreman to foreman while every day he and his family grow weaker and more desperate. It is impossible to doubt that each name written in an Insurance Book is something done to rob us of William Watson's reproach that "the starved and stunted human souls are with us more and more."

Specific Preventive Provisions.

The National Unemployment Insurance system has a number of provisions specifically directed to the lessening of unemployment.

(1) *Casual Labour.*—As we saw in Chapter XXVI., the employment of casual workers costs an employer more for contributions than if he gives regular employment. To employ a builders' labourer for three days costs a builder 2½d., as though he employed him for a week. This is certainly calculated to discourage casual employment. On the other hand, as pointed out in Chapter XXVI., the Board of Trade, in pursuance of their proper policy of encouraging the use of Labour Exchanges, have made it possible for an employer of casual labour to escape the extra contribution by putting himself in the hands of the Labour Exchange in order that six days' work in a week, although performed for him by two or three separate men, may cost him no more than 2½d. As I have already pointed out, there are two views as to the possible result of this. The Board of Trade take the view that by organizing casual labour you can decasualize labour. The other view is that to provide a machine to supply casual labour is to make it more convenient than before to obtain an odd man when you want him.

(2) *Encouraging Continuous Employment.*—This is done in two ways. When an employer can show that he has employed a man regularly throughout the year, he can obtain repayment of one-third of the 10s. 10d. he has paid on his workman's behalf.

Again, when an employer makes an arrangement with his workman to work systematic short time during periods of depression, instead of keeping on some men and "sacking" others, the Board of Trade have power to remit the contributions both of the employer and the employed.

(3) *Training of Workmen.*—If a workman is found to be frequently unemployed through lack of skill or knowledge of his trade, he may be trained or instructed (Clause 100). The cost of the training is borne by the Unemployment Fund, on the principle that it gains by his training. If such a workman refuses to be tested for training, or the results of his training are found to be unsatisfactory, he may be asked to take other work by the Labour Exchanges, instead of what he has termed his trade.

Finally, the working of Unemployment Insurance will provide the nation with such information on the subject of unemployment as it has never before possessed. That information will not merely enable us to frame a perfected scheme of Unemployment Insurance; it will stimulate effort in many other directions, and undoubtedly lead to the more intelligent handling of every part of what is a many-sided and complex problem.

CHAPTER XXXI

FINANCIAL BASIS OF THE UNEMPLOYMENT INSURANCE

Unemployment Experience.

WE come in conclusion to the financial basis of the Unemployment Insurance Scheme.

As was shown in Chapter XXV., the number of workmen to be compulsorily insured against unemployment is about 2,500,000. Mr. Ackland, the Government actuary, had to work upon unemployment data relating to a much smaller body of workmen. The records of Trade Unions form the most valuable information available, and various particulars were obtained relating to some 400,000 Trade Unionists, a body sufficiently large to give fairly reliable results.

Examining the Trade Union unemployment rates, the following particulars are obtained relating to unemployment experience—

TRADE UNION UNEMPLOYMENT EXPERIENCE.

(AVERAGE FOR THE 20 YEARS 1891 TO 1910.)

Class of Trade Union.	(1) Annual Average Rate of Unemployment.	(2) Average No. of Days Unemployed per Annum.
	Per cent.	Days.
Building (Carpenters and Plumbers only) ...	5·1	15·9
Engineering ...	5·6	17·5
Shipbuilding ...	10·4	32·4
Coachbuilding ...	3·5	10·9
Mill-sawyers ...	3·6	11·2

Let it be thoroughly understood what these figures relate to. The annual average rate of unemployment is thus arrived at. The Trade Union percentage of unemployed members is noted at the end of

each month. The 12 monthly records are averaged to make an annual rate. Twenty such annual rates are averaged to make the figures in the first column above. The second column is derived from the first, for an average yearly rate of 5 per cent. indicates (*very roughly*) either that 5 per cent. of all the workmen engaged may be deemed to be constantly unemployed all the year, or that each individual workman may, on the average, be deemed to be unemployed for 5 per cent. of the working year, *i.e.*, for 15 or 16 days.

It will be observed that the building rate refers to carpenters and plumbers only, but there is no doubt that a higher rate of unemployment exists in the building trade as a whole. For safety, therefore, it has been assumed that the unemployment in the building trade, as a whole, is double that of the carpenters and plumbers taken alone. It has also been assumed that the general labourers are unemployed at a high rate.

Estimated Experience Relied On.

Working on this combination of ascertained facts and intelligent assumptions, it is estimated that the 2,500,000 men to be compulsorily insured have an average unemployment rate of

8·6 per cent. per annum,

equivalent to

26·8 days of unemployment per member per annum.

Taking the building and engineering groups separately, the building group is estimated to have an average rate of unemployment of 10·4 per cent. per annum, equivalent to 32·4 days of unemployment per member per annum, while the engineering group is estimated to have an unemployment rate of 6·5 per cent., equivalent to 20·3 days of unemployment per member per annum.

These estimates are set out in tabular form on p. 350.

The next thing to be arrived at is what proportion of the days of lost time are covered by the Unemployment Benefit scheme. As the Act provides benefit for 15 weeks, it will be seen that not the whole of the days of lost time have to be provided for. Working upon the best available material, again Trade Union data, we arrive at the conclusion that it is necessary to provide funds to cover 71 per cent. of the unemployment, *i.e.*, that 71 per cent. of the unemployment is eligible for the State benefit.

ESTIMATE OF UNEMPLOYMENT AMONGST 2,421,000 OF THE
INSURED WORKMEN.*

Trade.		Annual Average Rate of Unemployment.	Average Number of Days Lost per Member per Annum.
		Per cent.	Days.
Building Group :			
Builders	1,248,000		
Millsawyers	23,000		
General Labourers	50,000		
	<hr/>		
	1,321,000	10·4	32·4
Engineering group ;			
Engineers and Ironfounders ...	777,000		
Shipbuilders...	137,000		
Coachbuilding, &c....	116,000		
General Labourers	50,000		
	<hr/>		
	1,100,000	6·5	20·3
Both Groups	...	8·6	26·8

* It will be seen that this table refers to only 2,421,000 men. That is because it was framed before subsequent slight alterations in the scheme (the exclusion of about 42,500 apprentices and the inclusion of about 133,000 boys of ages 16-18) raised the number of employed persons to an estimated 2,511,500. The percentages, it will be understood, are scarcely affected, and do not need reworking in view of the conjectural character of part of the data.

On this basis we get the following :—

UNEMPLOYMENT COMING WITHIN THE COMPULSORY STATE SCHEME.

		Days Lost per Member per Annum.	Days Covered by Benefit.
Building Group ...	...	32·4	23·0
Engineering Group	...	20·3	14·4

Receipts from Contributions.

Now let us turn to the available funds.

The contributions, as has been already stated, amount to 6½d. per member per week, being 2½d. from the workman, 2½d. from his employer, and 1½d. from the State. The Government pays all management expenses over and above the two-thirds of a penny, leaving the clear 6d. for benefit.

But there are some deductions to make. The workman loses time through unemployment and through sickness, and he is then excused from contributing. So it is estimated that we can only rely upon receiving 44 weeks' contributions in a year, and I think this estimate too sanguine.

In the next place it will be remembered that the employer who employs regularly has the benefit of reduced payment; he can have one-third of his money back. That reduces the number of employers' twopence-halfpennies receivable.

There are also adjustments to make in respect of the boys under 18 who pay lower contributions.

Taking all this into account, it is assumed that the following net contributions will be available for benefit:—

NET CONTRIBUTIONS AVAILABLE FOR BENEFITS.

				Per Annum. s. d.
Average Contribution of Workman	„	„	Average Contribution of Workman	... 9 2
„	„	„	Employer	... 7 10
„	„	„	State...	... 6 1½
				<hr/> 23 1½
Expenses of Administration	„	„	Expenses of Administration	... 2 3½
Total	„	„	Total	<hr/> 20 9½

A Small Estimated Margin.

Thus £1 0s. 9½d. per insured workman, or a total of £2,518,000 per annum, is available for Unemployed Benefits.

Now let us see what the benefits will cost.

There being, as shown above, 23 days per annum lost on the average, and covered by benefit in the building trade, and the statutory benefit being 7s. per week, the building benefit costs 26s. 10d. a year for each man.

In the engineering group, the days lost covered by benefit being 14·4 and the amount of benefit 7s. per week, the cost is 16s. 10d. per man per annum.

Over the two groups, taking them together, the average is calculated to be 20s. 2d. per member per annum.

This, it will be seen, is 7½d. per annum less than the contributions yield.

Against this has to be put the provision, already noted in Chapter XXVIII., limiting the benefits payable to 1 week for every 5 weeks'

contributions, and, after allowing for this condition, and one or two other minor considerations, it is believed that there will be a small surplus or working margin of 10d. per member on the average year's working.

It will be seen that the scheme has been prepared with considerable care, and that it is probably financially sound. In view of the paucity of data, however, it is impossible to say that the figures are more than roughly accurate. Happily it may be found that the cost has been under, rather than over-estimated. We shall not be able to judge of that before some years have passed, in view of the calculations being averaged on the experience of two decades.

The object of basing the scheme upon the average of 20 years' experience will be obvious. Such a period includes several trade cycles, and gives, therefore, a fair mean of good, bad, and indifferent trade years.

The trade of 1911 was good, and that of 1912 is not likely to be bad. Sooner or later, however, bad trade must come, and the accumulated reserve of the years of plenty will be needed to pay out larger benefits in the lean years.

BOOK II

UNEMPLOYMENT INSURANCE

**PART III: THE NATIONAL INSURANCE
ACT (1911) UNEMPLOYMENT SECTION
(PART II. OF THE ACT), WITH EX-
PLANATORY NOTES**

WITH THE GENERAL PROVISIONS OF THE ACT, WHICH
APPLY BOTH TO THIS AND TO THE HEALTH SECTION

NATIONAL INSURANCE ACT, 1911.

[1 & 2 GEO. 5. CH. 55.]

ARRANGEMENT OF SECTIONS

PART II.

UNEMPLOYMENT INSURANCE.

Section.

84. Right of workmen in insured trades to unemployment benefit.
85. Contributions by workmen, employers, and the Treasury.
86. Statutory conditions for receipt of unemployment benefit.
87. Disqualifications for unemployment benefit.
88. Determination of claims.
89. Appointment of umpire, insurance officers, inspectors, &c.
90. Courts of referees.
91. Regulations.
92. Unemployment fund.
93. Treasury advances.
94. Refund of part of contributions paid by employer in the case of workmen continuously employed.
95. Repayment of part of contributions by workmen in certain cases.
96. Refund of contributions paid in respect of workmen working short time.
97. Saving for occasional employment in rural neighbourhoods.
98. Payment of contributions in case of Reservists or Territorials during training.
99. Provisions with respect to workmen engaged through labour exchanges.
100. Subsidiary provisions.
101. Offences and proceedings for recovery of contributions, &c.
102. Periodical revision of rates of contribution.
103. Power to extend to other trades.
104. Exclusion of subsidiary occupations.

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105. Arrangements with associations of workmen in insured trade who make payments to members whilst unemployed.
 106. Repayments to associations who make payments to persons, whether workmen in insured trade or not, whilst unemployed.
 107. Interpretation and application.
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Note: Part III. of the Act has general application to both the Health and Unemployment Sections. It will be found on page 377 *et seq.*

NATIONAL INSURANCE ACT, 1911.

[1 & 2 GEO. 5. CH. 55.]

PART II.

UNEMPLOYMENT INSURANCE.

Section 84.—Every workman who, having been employed in a trade mentioned in the Sixth Schedule to this Act (in this Act referred to as “an insured trade”), is unemployed, and in whose case the conditions laid down by this Part of this Act (in this Act referred to as “statutory conditions”) are fulfilled, shall be entitled, subject to the provisions of this Part of this Act, to receive payments (in this Act referred to as “unemployment benefit”) at weekly or other prescribed intervals at such rates and for such periods as are authorized by or under the Seventh Schedule to this Act, so long as those conditions continue to be fulfilled, and so long as he is not disqualified under this Act for the receipt of unemployment benefit:

Provided that unemployment benefit shall not be paid in respect of any period of unemployment which occurs during the six months following the commencement of this Act.

Right of
workmen
in insured
trades to un-
employment
benefit.

Notes on Section 84.—This Section, together with Schedules 6 and 7 (which are printed immediately after these notes for convenience of reference) defines—

- (1) *The claims of workmen who are to be compulsorily insured against unemployment.*
- (2) *The amount of the benefit payable.*
- (3) *The periods of time for which the benefit is payable.*

It should be observed at once that the Board of Trade is the central controlling authority for the Unemployment Insurance.

As to the workmen insured—

- (1) *the term “workman” is defined by Section 107;*
- (2) *the “Insured Trades” of Section 1 are clearly set out in the Sixth Schedule. Observe that by Section 103 the Board of Trade have power to extend to other trades, and that by Section 104 they have power to exclude subsidiary occupations.*

The normal rate of Benefit prescribed by Schedule 7 are: For workmen over 18 (after the first week of unemployment), 7s. per week up to a maximum of 15 weeks in any 12 months; For workmen from 17 to 18, 3s. 6d. per week instead of 5s.; For workmen under 17 years, No Benefit.

It is provided by Schedule 7, Paragraph 4, that the insured man is not to receive more than one week's benefit for every five contributions paid by him.

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But this proviso is added, that if a workman has been working in an insured trade before the passing of the Insurance Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each three months during which he has been in the trade up to a maximum of 25 contributions.

In view of the experimental character of the scheme, it is also provided (first and last paragraph of Schedule 7) that the Board of Trade may prescribe alterations in the benefits.

SIXTH SCHEDULE.

LIST OF INSURED TRADES FOR THE PURPOSES OF PART II. OF THIS ACT RELATING TO UNEMPLOYMENT INSURANCE.

(1) Building ; that is to say, the construction, alteration, repair, decoration, or demolition of buildings, including the manufacture of any fittings of wood of a kind commonly made in builders' workshops or yards.

(2) Construction of works ; that is to say, the construction, reconstruction, or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction.

(3) Shipbuilding ; that is to say, the construction, alteration, repair or decoration of ships, boats or other craft by persons not being usually members of a ship's crew, including the manufacture of any fittings of wood of a kind commonly made in a shipbuilding yard.

(4) Mechanical engineering, including the manufacture of ordnance and firearms.

(5) Ironfounding, whether included under the foregoing headings or not.

(6) Construction of vehicles ; that is to say, the construction, repair, or decoration of vehicles.

(7) Sawmilling (including machine woodwork) carried on in connection with any other insured trade or of a kind commonly so carried on.

SEVENTH SCHEDULE.

RATES AND PERIODS OF UNEMPLOYMENT BENEFIT.

In respect of each week following the first week of any period of unemployment, seven shillings, or such other rates as may be prescribed either generally or for any particular trade or any branch thereof :

Provided that, in the case of a workman under the age of eighteen, no unemployment benefit shall be paid while the workman is below the age of seventeen, and while the workman is of the age of seventeen or upwards but below the age of eighteen, unemployment benefit shall only be paid at half the rate at which it would be payable if the workman was above the age of eighteen.

No workman shall receive unemployment benefit for more than fifteen or such other number of weeks as may be prescribed either generally or for any particular trade or branch thereof within any period of twelve months, or in respect of any period less than one day.

No workman shall receive more unemployment benefit than in the proportion of one week's benefit for every five contributions paid by him under this Act:

Provided that for the purpose of the foregoing paragraph—

- (a) in the case of a workman who satisfies the Board of Trade that he is over the age of twenty-one and has habitually worked at an insured trade before the commencement of this Act, there shall be deemed to be added to the number of contributions which he has actually paid five contributions for each period of three months or part of such period during which he has so worked before the commencement of this Act, up to a maximum of twenty-five contributions; and
- (b) where, owing to the fact that the wages or other remuneration of a workman are paid at intervals greater than a week, or for any other like reason contributions are paid under Part II. of this Act in respect of any workman at intervals greater than a week, that workman shall be entitled to treat each of such contributions as so many contributions as there are weeks in the period for which the contribution has been paid.

Any time during which a workman is, under Part II. of this Act, disqualified for receiving unemployment benefit shall be excluded in the computation of periods of unemployment under this schedule.

A period of unemployment shall not be deemed to commence till the workman has made application for unemployment benefit in such manner as may be prescribed.

The power conferred by this schedule on the Board of Trade to prescribe rates and periods of unemployment benefit shall not be exercised so as to increase the rate of benefit above eight shillings per week or reduce it below six shillings per week, or to increase the period of unemployment benefit above fifteen weeks, or to alter the proportion which the period of benefit bears to the number of contributions paid, except by rules confirmed by an order made in accordance with the provisions of this Act relating to special orders.

Section 85.—(1) The sums required for the payment of unemployment benefit under this Act shall be derived partly from contributions by workmen in the insured trades and partly from contributions by employers of such workmen and partly from moneys provided by Parliament.

Contributions by workmen, employers, and the Treasury.

(2) Subject to the provisions of this Part of this Act, every workman employed within the United Kingdom in an insured trade, and every employer of any such workman, shall be liable to pay contributions at the rates specified in the Eighth Schedule to this Act.

(3) Except where the regulations under this Part of this Act otherwise prescribe, the employer shall, in the first instance, be liable to pay both the contribution payable by himself, and also on behalf of and to the ex-

clusion of the workman, the contribution payable by such workman, and subject to such regulations, shall be entitled, notwithstanding the provisions of any Act or any contract to the contrary, to recover from the workman by deductions from the workman's wages or from any other payment due from him to the workman the amount of the contributions so paid by him on behalf of the workman.

(4) Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct from the wages of or other payment due to the workman, or otherwise recover from the workman by any legal process the contributions payable by the employer himself.

(5) Subject to the provisions of this Part of this Act, the Board of Trade may make regulations providing for any matters incidental to the payment and collection of contributions payable under this Part of this Act, and in particular for—

- (a) payment of contributions by means of adhesive or other stamps affixed to or impressed upon books or cards, or otherwise, and for regulating the manner, times and conditions in, at and under which stamps are to be affixed and impressed or payments are otherwise to be made;
- (b) the issue, sale, custody, production, and delivery up of books or cards and the replacement of books or cards which have been lost destroyed or defaced.

(6) A contribution shall be made in each year out of moneys provided by Parliament equal to one-third of the total contributions received from employers and workmen during that year, and the sums to be contributed in any year shall be paid in such manner and at such times as the Treasury may determine.

Notes on Section 85.—*This Section, together with Schedule 8 (which is printed immediately after these notes) deals with the contributions and the manner of their collection.*

The compulsory contributions to the Unemployment Insurance are as follows :—

The workman's contribution is 2½d. for each period of employment of a week or less, and the employer's contribution is also 2½d. for each period of employment of a week or less, but where the period of employment is two days or less, the contributions of employers and workmen are 1d. a day. In the case of workmen below the age of 18, the contributions are 1d. for each week or less from workman and employer respectively (Schedule 8).

The State contribution to the unemployment fund is one-third of the total contributions from workmen and employers (Section 85 (6)).

The State is to bear any cost of administration over 10 per cent. (or ¾d. per week).

During unemployment no contribution is required from the workman.

Compulsion is effected by collection of the contributions through the employers, who are given power to deduct the workman's share from their wages (Subsections (3), (4), and (5)).

EIGHTH SCHEDULE.

CONTRIBUTIONS FOR THE PURPOSES OF PART II. OF THIS ACT
RELATING TO UNEMPLOYMENT INSURANCE.***Rates of Contributions from Workmen and Employers.***

From every workman employed in an insured trade for
every week he is so employed $2\frac{1}{2}$ d.

From every employer by whom one or more workmen
are employed in an insured trade, in respect of each
workman, for every week he is so employed ... $2\frac{1}{2}$ d.

Provided that, in the case of a workman below the age of eighteen,
1d. shall be substituted for $2\frac{1}{2}$ d. as the contribution from the workman
and from the employer, but, for the purpose of reckoning the number
of contributions in respect of such a workman except as regards the pay-
ment of unemployment benefit before he reaches the age of eighteen,
the 1d. shall be treated as two-fifths of a contribution.

Every such period of employment of less than a week shall, for the
purposes of this schedule, be treated as if it were employment for a whole
week, except that, where the period of employment is two days or less,
the contributions both of the employer and of the workman shall be
reduced to one penny if the period does not exceed one day and to twopence
if it exceeds one day; and, in such case, in reckoning the number of
contributions under Part II. of this Act and schedules therein referred to,
contributions at such reduced rates shall be treated as two-fifths or
four-fifths of a contribution as the case may require.

Section 86.—The statutory conditions for the receipt of unemploy-
ment benefit by any workman are—

- (1) that he proves that he has been employed as a workman in an
insured trade in each of not less than twenty-six separate
calendar weeks in the preceding five years;
- (2) that he has made application for unemployment benefit in the
prescribed manner, and proves that since the date of the applica-
tion he has been continuously unemployed;
- (3) that he is capable of work but unable to obtain suitable
employment;
- (4) that he has not exhausted his right to unemployment benefit
under this Part of this Act:

Provided that a workman shall not be deemed to have failed to fulfil
the statutory conditions by reason only that he has declined—

- (a) an offer of employment in a situation vacant in consequence of
a stoppage of work due to a trade dispute; or
- (b) an offer of employment in the district where he was last ordinarily
employed at a rate of wage lower, or on conditions less favourable,
than those which he habitually obtained in his usual employment

Statutory
conditions
for receipt of
unemploy-
ment benefit.

in that district, or would have obtained had he continued to be so employed ; or

- (c) an offer of employment in any other district at a rate of wage lower or on conditions less favourable than those generally observed in such district by agreement between associations of employers and of workmen, or, failing any such agreement, than those generally recognized in such district by good employers.

Note on Section 86.—Observe that under proviso (a) a workman does not lose his right to benefit because he has declined to interfere in a labour dispute which does not concern him, by accepting a situation in connection with it. He has the further right, without prejudice to his benefit, to decline to accept less than his customary rate of wages in his own district, or less than the recognized rate paid by good employers if he goes to a strange district.

Disqualifications for unemployment benefit.

Section 87.—(1) A workman who has lost employment by reason of a stoppage of work which was due to a trade dispute at the factory, workshop, or other premises at which he was employed, shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become bona fide employed elsewhere in an insured trade.

Where separate branches of work which are commonly carried on as separate businesses in separate premises are in any case carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises, as the case may be.

(2) A workman who loses employment through misconduct or who voluntarily leaves his employment without just cause shall be disqualified for receiving unemployment benefit for a period of six weeks from the date when he so lost employment.

(3) A workman shall be disqualified for receiving unemployment benefit whilst he is an inmate of any prison or any workhouse or other institution supported wholly or partly out of public funds, and whilst he is resident temporarily or permanently outside the United Kingdom.

(4) A workman shall be disqualified for receiving unemployment benefit while he is in receipt of any sickness or disablement benefit or disablement allowance under Part I. of this Act.

Determination of claims.

Section 88.—(1) All claims for unemployment benefit under this Part of this Act, and all questions whether the statutory conditions are fulfilled in the case of any workman claiming such benefit, or whether those conditions continue to be fulfilled in the case of a workman in receipt of such benefit, or whether a workman is disqualified for receiving or continuing to receive such benefit, or otherwise arising in connection with such claims, shall be determined by one of the officers appointed under this Part of this

Act for determining such claims for benefit (in this Act referred to as "insurance officers") :

Provided that—

- (a) in any case where unemployment benefit is refused or is stopped, or where the amount of the benefit allowed is not in accordance with the claim, the workman may require the insurance officer to report the matter to a court of referees constituted in accordance with this Part of this Act, and the court of referees after considering the circumstances may make to the insurance officer such recommendations on the case as they may think proper, and the insurance officer shall, unless he disagrees, give effect to those recommendations. If the insurance officer disagrees with any such recommendation, he shall, if so requested by the court of referees, refer the recommendation, with his reasons for disagreement, to the umpire appointed under this Part of this Act, whose decision shall be final and conclusive;
- (b) the insurance officer in any case in which he considers it expedient to do so may, instead of himself determining the claim or question, refer it to a court of referees, who shall in such case determine the question, and the decision of the court of referees shall be final and conclusive.

(2) Nothing in this section shall be construed as preventing an insurance officer or umpire, or a court of referees, on new facts being brought to his or their knowledge, revising a decision or recommendation given in any particular case, but, where any such revision is made, the revised decision or recommendation shall have effect as if it had been an original decision or recommendation, and the foregoing provisions of this section shall apply accordingly, without prejudice to the retention of any benefit which may have been received under the decision or recommendation which has been revised.

(3) The Arbitration Act, 1889, shall not apply to proceedings under this section, except so far as it may be applied by regulations under this Part of this Act. 52 & 53 Vict. c. 49.

(4) For the purposes of proceedings under this section in Ireland, regulations may apply all or any of the provisions of the Common Law Procedure (Ireland) Act, 1856, with respect to arbitration. 19 & 20 Vict. c. 102.

Note on Section 88.—This Section will be better understood if it is borne in mind that the intention is to work the system chiefly through the Labour Exchanges. The "Insurance Officer" will be attached to a Labour Exchange.

Section 89.—(1) For the purposes of this Part of this Act, an umpire may be appointed by His Majesty, and insurance officers shall be appointed by the Board of Trade (subject to the consent of the Treasury as to number) and the insurance officers shall be appointed to act for such areas as the Board direct.

(2) The Board of Trade may appoint such other officers, inspectors, and

Appointment
of umpire,
insurance
officers, in-
spectors, &c.

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servants for the purposes of this Part of this Act as the Board may, with the sanction of the Treasury, determine, and there shall be paid out of moneys provided by Parliament to the umpire and insurance officers and to such other officers, inspectors, and servants, such salaries or remuneration as the Treasury may determine; and any expenses incurred by the Board of Trade in carrying this Part of this Act into effect to such amount as may be sanctioned by the Treasury shall be defrayed out of moneys provided by Parliament:

Provided that such sum as the Treasury may direct, not exceeding one-tenth of the receipts, other than advances by the Treasury, paid into the unemployment fund on income account shall, in accordance with regulations made by the Treasury, be applied as an appropriation in aid of money provided by Parliament for the purpose of such salaries, remuneration, and expenses.

Courts of referees.

Section 90.—(1) A court of referees for the purposes of this Part of this Act shall consist of one or more members chosen to represent employers, with an equal number of members chosen to represent workmen, and a chairman appointed by the Board of Trade.

(2) Panels of persons chosen to represent employers and workmen respectively shall be constituted by the Board of Trade for such districts and such trades or groups of trades as the Board may think fit, and the members of a court of referees to be chosen to represent employers and workmen shall be selected from those panels in the prescribed manner.

(3) Subject as aforesaid, the constitution of courts of referees shall be determined by regulations made by the Board of Trade.

(4) The regulations of the Board of Trade may further provide for the reference to referees chosen from the panels constituted under this section, for consideration and advice, of questions bearing upon the administration of this Part of this Act, and for the holding of meetings of referees for the purpose.

(5) The Board of Trade may pay such remuneration to the chairman and other members of a court of referees and such travelling and other allowances (including compensation for loss of time) to persons required to attend before any such court, and such other expenses in connection with any referees, as the Board with the sanction of the Treasury determine, and any such payments shall be treated as expenses incurred by the Board of Trade in carrying this Part of this Act into effect.

Regulations.

Section 91.—(1) The Board of Trade may make regulations for any of the purposes for which regulations may be made under this Part of this Act and the Schedules therein referred to, and for prescribing anything which under this Part of this Act or any such Schedules is to be prescribed, and—

(a) for permitting workmen who are employed under the same employer partly in an insured trade and partly not in an insured trade to be treated with the consent of the employer as if they were wholly employed in an insured trade; and

- (b) for giving employers, and workmen, and the Board of Trade an opportunity of obtaining a decision by the umpire appointed under this Part of this Act on any question whether contributions under this Part of this Act are payable in respect of any workman or class of workmen, and for securing that a workman in whose case contributions have been paid in accordance with any such decision, shall, as respects any unemployment benefit payable in respect of those contributions, be treated as a workman employed in an insured trade, and for securing that employers and workmen shall be protected from proceedings and penalties in cases where, in accordance with any such decision, they have paid or refrained from paying contributions ; and
- (c) for prescribing the evidence to be required as to the fulfilment of the conditions and qualifications for receiving or continuing to receive unemployment benefit, and for that purpose requiring the attendance of workmen at such offices or places and at such times as may be required ; and
- (d) for prescribing the manner in which claims for unemployment benefit may be made and the procedure to be followed on the consideration and examination of claims and questions to be considered and determined by the insurance officers, courts of referees, and umpire, and the mode in which any question may be raised as to the continuance, in the case of a workman in receipt of unemployment benefit, of such benefit, and for making provision with respect to the appointment of a deputy umpire in the case of the unavoidable absence or incapacity of the umpire ; and
- (e) with respect to the payment of contributions and benefits during any period intervening between any application for the decision of any question or any claim for benefit, and the final determination of the question or claim ; and
- (f) for providing that, where any workmen are employed in or for the purposes of the business of any person, but are not actually employed by that person, that person may be treated for the purposes of this Part of this Act as their employer instead of their actual employer, and for allowing that person to deduct from any payments made by him to the actual employer any sums paid by him as contributions on behalf of the workmen, and for allowing the actual employer to recover the like sums from the workmen ; and

generally for carrying this Part of this Act into effect, and any regulations so made shall have effect as if enacted in this Act.

Any regulations made under this section for giving an opportunity of obtaining a decision of the umpire may be brought into operation as soon as may be after the passing of this Act.

(2) The regulations may, with the concurrence of the Postmaster-General, provide for enabling claimants of unemployment benefit to make their claims for unemployment benefit under this Act through the Post Office, and for the payment of unemployment benefit through the Post Office.

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(3) All regulations made under this section shall be laid before each House of Parliament as soon as may be after they are made, and, if an address is presented to His Majesty by either House of Parliament within the next subsequent forty days on which that House has sat next after any such regulation is laid before it, praying that the regulation may be annulled, it shall thenceforth be void, but without prejudice to the validity of anything previously done thereunder, or to the making of any new regulation.

Unemployment fund.

Section 92.—(1) For the purposes of this Part of this Act, there shall be established under the control and management of the Board of Trade a fund called the Unemployment fund, into which shall be paid all contributions payable under this Part of this Act by employers and workmen and out of moneys provided by Parliament, and out of which shall be paid all claims for unemployment benefit and any other payments which under this Part of this Act are payable out of the fund.

(2) The accounts of the unemployment fund shall be audited by the Comptroller and Auditor-General in such manner as the Treasury may direct.

(3) Any moneys forming part of the unemployment fund may from time to time be paid over to the National Debt Commissioners and by them invested in accordance with regulations made by the Treasury in any securities which are for the time being authorized by Parliament as investments for savings banks moneys.

(4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which moneys forming part of the said fund are for the time being invested.

Note on Section 92.—Note that as the employers pay the joint contributions of themselves and their workmen by purchasing special stamps at Post Offices, the Unemployment Fund will receive the contributions from the Postmaster-General.

Treasury advances.

Section 93.—(1) The Treasury may out of the Consolidated Fund or the growing produce thereof advance on the security of the unemployment fund any sums required for the purpose of discharging the liabilities of that fund under this Part of this Act: Provided that the total amount of advances outstanding at any time shall not exceed three million pounds.

(2) If, whilst any part of any such advance is outstanding, it appears to the Treasury that the unemployment fund is insolvent, the Board of Trade shall, if the Treasury so direct, by order, make such temporary modifications in any of the rates of contribution, or the rates or periods of unemployment benefit, and during such period, as the Board of Trade think fit, and as will on the whole, in the opinion of the Treasury, be sufficient to secure the solvency of the unemployment fund:

Provided that no order made under this subsection shall reduce the weekly rate of unemployment benefit below the sum of five shillings, or shall increase the rates of contribution from employers or workmen by

more than one penny per workman per week, or increase those rates unequally as between employers and workmen, and no such order shall remain in force more than three months after all the advances and interest thereon have been repaid, or come into force until one month after it is made.

(3) An order under this section shall not be made so as to be in force at any time while any previous order made under this section is in force.

(4) On any such order being made, the Board of Trade shall cause the order, together with a special report as to the reasons for making the order, to be laid before Parliament.

(5) The Treasury may, for the purpose of providing for the issue of sums out of the Consolidated Fund under this section, or for the repayment to that fund of all or any part of the sums so issued, or for paying off any security issued under this section, so far as that payment is not otherwise provided for, borrow money by means of the issue of Exchequer bonds or Treasury bills, and all sums so borrowed shall be paid into the Exchequer.

(6) The principal of and interest on any Exchequer bonds issued under this section shall be charged on and payable out of the Consolidated Fund of the United Kingdom, or the growing produce thereof.

(7) Notwithstanding anything in any other Act, money in the hands of the National Debt Commissioners for the reduction of the National Debt shall not be applied to purchasing, reducing, or paying off any Exchequer bonds or Treasury bills issued under this section.

Note on Section 93.—Study of the finance of the scheme (Chapter XXXI.) will show that, if bad trade occurs in the early years of the Act's operation, the Unemployment Fund may easily be exhausted. Hence this Section, which enables the Board of Trade to carry on the scheme until trade recovers and contributions again accumulate.

Section 94.—(1) The Board of Trade shall, on the application of any employer made within one month after the termination of any calendar year, or other prescribed period of twelve months, refund to such employer out of the unemployment fund a sum equal to one-third of the contributions (exclusive of any contributions refunded to him under any other provisions of this Part of this Act) paid by him on his own behalf during that period in respect of any workman who has been continuously in his service through the period, and in respect of whom not less than forty-five contributions have been paid during the period.

(2) For the purpose of meeting any change in the period for which any refund of contributions is to be made under the foregoing provisions of this section, or for the purpose of making provision for any period which may elapse between the date on which contributions commence to be payable under this Part of this Act and the date on which the first period for the refund of contributions under the foregoing provisions of this section commences, the Board of Trade may, so far as necessary for the purpose, apply the provisions of this section to any period less than twelve months, subject

Refund of part of contributions paid by employer in the case of workmen continuously employed.

to such proportionate reduction of the number of contributions required as they direct, and this section shall take effect as regards any such period of less than twelve months as so applied.

Note on Section 94.—*The value of this Section to the employer who gives regular employment is, per man per annum—*

From one-third of 45 × 2½d.,

to one-third of 52 × 2½d.,

or from 3s. 1½d. to 3s. 7d. per workman per annum.

Repayment
of part of con-
tributions by
workmen in
certain cases.

Section 95.—(1) If it is shown to the satisfaction of the Board of Trade by any workman or his personal representatives that the workman has paid contributions in accordance with the provisions of this Part of this Act in respect of five hundred weeks or upwards, and that the workman has reached the age of sixty, or before his death had reached the age of sixty, the workman or his representatives shall be entitled to be repaid the amount, if any, by which the total amount of such contributions have exceeded the total amount received by him out of the unemployment fund under this Act, together with compound interest at the rate of two and a half per cent. per annum calculated in the prescribed manner.

(2) A repayment to a workman under this section shall not affect his liability to pay contributions under this Part of this Act, and, if after any such repayment he becomes entitled to unemployment benefit, he shall be treated as having paid in respect of the period for which the repayment has been made the full number of contributions which is most nearly equal to five-eighths of the number of contributions actually paid during that period.

Note on Section 95.—*This is a Section of doubtful expediency. It appears to strike at the principle of insurance, and is especially to be deprecated in view of the benefits provided by the scheme being low.*

If an insured workman has had the good fortune to be regularly employed for many years, the principle of insurance demands, as in the case of health insurance, that he should merge his contributions in the common fund to help the unfortunate.

Refund of
contributions
paid in
respect of
workmen
working
short time.

Section 96.—(1) If any employer satisfies the Board of Trade that during any period of depression in his business workmen employed by him have been systematically working short time, and that during such period he has paid contributions under this Part of this Act on behalf of such workmen, as well as on his own behalf, without recovering such contributions from such workmen either by way of deductions from wages or otherwise, there shall be refunded to him out of the unemployment fund, in accordance with regulations made by the Board of Trade, the contributions so paid by him in respect of those workmen (including those paid on behalf of the workmen as well as those paid on his own behalf), for the period or such part thereof as in the circumstances may seem just:

Provided that, except in a case where the working of short time has

been effected by stopping the work for some day in the week which has been usually recognized as a working day of at least four hours in the trade and district, no such refund shall be made in respect of any workmen for any week in which the hours of work have exceeded five-sixths of the number usually recognized as constituting a full week's work at that time in the trade and district.

(2) Any employer who desires to take advantage of this section may make an application to the Board of Trade with a view to obtaining their ruling as to the circumstances under which, and the means by which, he proposes to effect a reduction of working hours, and the Board of Trade may, if they think fit, on the necessary information being supplied, give their ruling as to whether the circumstances are such, and the proposed means of reducing working hours are such, as to satisfy the requirements of this section.

Section 97. Where a workman is employed in a district which is rural in its character, and the workman usually follows in that district some occupation other than an insured trade, and is employed in an insured trade occasionally only, contributions under this Part of this Act shall not be payable in respect of the workman, except in cases where the employer and the workman agree that contributions shall be payable notwithstanding this provision.

Saving for
occasional
employment
in rural
neighbour-
hoods.

Section 98.—Where a man of the Naval Reserves, the Army Reserve, or the Territorial Force, is being trained and is in receipt of pay out of the moneys provided by Parliament for Navy or Army services, and immediately before the training was employed in an insured trade, he shall, for the purposes of this Part of this Act, be deemed, whilst so training, to be in the employment of the Crown in an insured trade.

Payment of
contributions
in case of
Reservists or
Territorials
during
training.

Section 99.—(1) The Board of Trade may, in such cases and on such conditions as the Board may prescribe, make an arrangement with any employer liable to pay contributions under any part of this Act, whereby, in respect of workmen engaged by him through a labour exchange, or in his employ at the date of such arrangement, the performance of all or any of the duties required under any part of this Act to be performed by the employer in respect of those workmen, whether on his own behalf or on behalf of the workmen, shall be undertaken on behalf of the employer by the labour exchange, and whereby in respect of such workmen different periods of employment, whether of the same workmen or different workmen, may, for the purposes of the employer's contributions under this Part of this Act, but not for the purposes of a refund of any part of the employer's contributions, be treated as a continuous employment of a single workman.

Provisions
with respect
to workmen
engaged
through
labour
exchanges.

(2) Where any such arrangement has been made, all the periods of employment during which a workman engaged through a labour exchange is employed by one or more employers with whom such an arrangement has

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been made, may, subject to regulations made by the Board of Trade, on the application of the workman, be treated for the purposes of his contributions under this Part of this Act as a continuous period of employment under one employer, and those regulations may provide for the refund of part of his contributions under this Part of this Act accordingly.

Notes on Section 99.—An interesting if doubtful Section. Its effect is to save an employer from paying more than 2½d. a week in respect of a week's work, although that week's work may be performed by six men, who, but for this Section, would cost him (Section 85 and Schedule 8) 6d. a week.

The Section is devised to induce employers of casual labour to use the Labour Exchanges; it seems to have been forgotten that it also removes the salutary discouragement of Section 85 and Schedule 8.

Subsidiary provisions.

Section 100.—(1) If the repeated failure of any insured workman to obtain or retain employment appears to the insurance officer to be wholly or partly due to defects in skill or knowledge, the insurance officer may, if he thinks fit, for the purpose of testing the skill or knowledge of the workman, offer to arrange for the attendance of the workman at a suitable place for the purpose, and may, out of the unemployment fund, pay all or any of the expenses incidental to such attendance.

If the workman fails or refuses either to avail himself of the offer, or to produce satisfactory evidence of his competence, or if as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, and that there is no reasonable prospect of such defects being remedied, such facts shall be taken into consideration in determining what is suitable employment for the workman.

If in any case as a result of the test the insurance officer considers that the skill or knowledge of the workman is defective, but that there is a reasonable prospect of the defects being remedied by technical instruction, the insurance officer may, subject to any directions given by the Board of Trade, pay out of the unemployment fund all or any of the expenses incidental to the provision of the instruction, if he is of opinion that the charge on the unemployment fund in respect of the workman is likely to be decreased by the provision of the instruction.

(2) The regulations of the Board of Trade made under this Part of this Act shall provide for the return to a workman who is not a workman in an insured trade and to his employer of any contributions paid by them respectively under the belief that the workman was a workman in an insured trade, subject, in the case of the workman's contributions, to the deduction of any amount received by him in respect of unemployment benefit under a similar belief.

(3) Where under regulations made by the Board of Trade any sum has been paid out of the unemployment fund by way of reward for the return of a book or card which has been lost, the person responsible for the custody of the book or card at the time of its loss shall be liable to repay the sum so paid, not exceeding one shilling in respect of any one occasion.

Note on Section 100.—The first Subsection of this Section usefully provides for the testing and training of unemployed workmen, but it could not be put into very considerable use without impairing the normal benefits of the fund.

Section 101.—(1) If for the purpose of obtaining any benefit or payment under this Part of this Act, either for himself or for any other person, or for the purpose of avoiding any payment to be made by himself under this Part of this Act, or enabling any other person to avoid any such payment, any person knowingly makes any false statement or false representation, he shall be liable on summary conviction to imprisonment for a term not exceeding three months, with or without hard labour.

Offences and
proceedings
for recovery
of contribu-
tions, &c.

(2) If any employer or workman has failed to pay any contributions which he is liable under this Part of this Act to pay, or if any employer or workman or any other person refuses or neglects to comply with any of the requirements of this Part of this Act, or the regulations made thereunder, he shall, for each offence, be liable on summary conviction to a fine not exceeding ten pounds, and also, where the offence is failure or neglect to make any contribution under this Part of this Act, to pay to the unemployment fund a sum equal to three times the amount which he has refused or neglected to pay (not exceeding five pounds), which sum, when paid, shall be treated as a payment in satisfaction of the contributions which he has so refused or neglected to pay.

(3) Proceedings under the foregoing provisions of this section shall not be instituted except by, or with the consent of, the Board of Trade, and may be commenced at any time within three months of the date at which the offence comes to the knowledge of the Board of Trade.

(4) Nothing in this section shall be construed as preventing the Board of Trade from recovering any sums due to the unemployment fund by means of civil proceedings, and all such sums shall be recoverable in such proceedings as debts due to the Crown.

(5) If it is found at any time that a person has been in receipt of unemployment benefit under this Part of this Act whilst the statutory conditions were not fulfilled in his case, or whilst he was disqualified for receiving unemployment benefit, he shall be liable to repay to the unemployment fund any sums paid to him in respect of unemployment benefit whilst the statutory conditions were not fulfilled, or whilst he was disqualified for receiving the benefit, and the amount of such sums may be recovered as a debt due to the Crown.

(6) In any proceedings under this section, or in any proceedings involving any question as to the payment of contributions under this Part of this Act, or for the recovery of any sums due to the unemployment fund, the decision of the umpire appointed under this Part of this Act on any question arising, whether the trade in which the workman is or has been employed is an insured trade or not shall be conclusive for the purpose of those proceedings, and, if no such decision has been obtained and the decision of the question is necessary for the determination of the proceedings, the question shall be referred, in accordance with the regula-

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tions made under this Part of this Act, to the umpire for the purpose of obtaining such a decision.

Periodical revision of rates of contribution.

Section 102.—If at any time after the expiration of seven years from the commencement of this Act it appears to the Board of Trade that the unemployment fund is insufficient or more than sufficient to discharge the liabilities imposed upon the fund under this Part of this Act, or that the rates of contribution are excessive or deficient as respects any particular insured trade, or any particular branch of any such trade, the Board may, with the sanction of the Treasury, by special order made in manner herein-after provided revise the rates of contribution of employers and workmen under this Part of this Act, and any such order may, if the Board think fit, prescribe different rates of contribution for different insured trades or branches thereof, and, where any such order is made, the rates prescribed by the order shall, as from such date as may be specified in the order, be substituted as respects trades or branches thereof to which it relates for the rates prescribed by this Act:

Provided that, where such a revision has been made, no further revision under this section shall be made before the expiration of seven years from the last revision, and that no order under this section shall increase the rates of contribution from employers or workmen by more than one penny per workman per week above the rates specified in the Eighth Schedule to this Act, or shall vary such rates unequally as between employers and workmen.

Notes on Section 102.—*The necessarily tentative and experimental character of the scheme makes this provision necessary.*

Observe that the variation in contributions may not be made before the expiration of seven years. That is to give due time for a cycle of trade to test the finance of the scheme. A limit of 1d. is put to increase, so that it is a very modest Section, surely too modest in view of the way in which it is hedged about by "consent of Treasury" and "Special Order."

This power of revision of Contributions should be read in connection with the statutory power of revising Benefits given to the Board of Trade by the first and last paragraphs of the Seventh Schedule. Why the one power should be embodied in a Section and the other in a Schedule does not appear.

Power to extend to other trades.

Section 103.—If it appears to the Board that it is desirable to extend the provisions of this Part of this Act to workmen in any trade other than an insured trade, or to vary the definition of "workman" with respect to the age of the persons included therein, either generally or for any particular insured trade, or any particular branch of any such trade, the Board may, with the consent of the Treasury, make, in manner herein-after provided, a special order extending this Part of this Act to such workmen or so varying the definition of "workman," as the case may be, either without modification or subject to such modifications of rates of

contribution or rates or periods of benefit as may be contained in the order, and, on any such order being made, this Part of this Act shall, subject to the modifications (if any) contained in the order, apply as if the trade mentioned in the order were an insured trade, or as if the definition of "workman" were varied in accordance with the order, as the case may be, and as if the rates of contribution and the rates and periods of benefit mentioned in the order were the rates of contribution and the rates and periods of benefit provided by this Part of this Act in respect of such trade:

Provided that no such order shall be made if the person holding the inquiry in relation to the order reports that the order should not be made, or if the order would, in the opinion of the Treasury, increase the contribution to the unemployment fund out of moneys provided by Parliament to a sum exceeding one million pounds a year before the expiration of three years from the making of the order, and that the rates of contribution mentioned in the order shall not exceed the rates specified in the Eighth Schedule to this Act, and shall be imposed equally as between employers and workmen.

Note on Section 103.—This Section and the succeeding one are modifications of the Sixth Schedule, and should be read together with it. (The Schedule is printed immediately after the notes to Section 84.)

Section 104.—The Board of Trade may, if in any case they consider that it is desirable, by special order exclude from the occupations which are to be deemed employment in an insured trade for the purpose of this Part of the Act—

Exclusion of
subsidiary
occupations.

- (a) Any occupation which appears to them to be common to insured and uninsured trades alike, and ancillary only to the purposes of an insured trade; and
- (b) Any occupation which appears to them to be an occupation in a business which, though concerned with the making of parts or the preparation of materials for use in connection with an insured trade, is mainly carried on as a separate business or in connection with trades other than insured trades;

and, on any such order being made, the occupation to which the order relates shall not be treated as employment in an insured trade for the purposes of this Part of this Act.

Any special order made under this section may be made so as to cover one or more occupations. The provisions of this Part of this Act as to the laying of regulations before Parliament and the presentation of an Address thereon shall apply to special orders made under this section.

Section 105.—(1) The Board of Trade may, on the application of any association of workmen the rules of which provide for payments to its members, being workmen in an insured trade, or any class thereof, whilst unemployed, make an arrangement with such association that, in lieu of

Arrange-
ments with
associations
of workmen
in insured

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trade who make payments to members whilst unemployed.

paying unemployment benefit under this Part of this Act to workmen who prove that they are members of the association, there shall be repaid periodically to the association out of the unemployment fund such sum as appears to be, as nearly as may be, equivalent to the aggregate amount which such workmen would have received during that period by way of unemployment benefit under this Part of this Act if no such arrangement had been made, but in no case exceeding three-fourths of the amount of the payments made during that period by the association to such workmen as aforesaid whilst unemployed.

(2) The council or other governing body of any association of workmen which has made such an arrangement as aforesaid shall be entitled to treat the contributions due from any of its members to the unemployment fund under this Part of this Act, or any part thereof, as if such contributions formed part of the subscriptions payable by those members to the association, and, notwithstanding anything in the rules of the association to the contrary, may reduce the rates of subscription of those members accordingly.

(3) For the purpose of determining whether a workman has exhausted his right to unemployment benefit under this Part of this Act, the amount of any sum which, but for this section, would have been paid to him by way of unemployment benefit shall be deemed to have been so paid.

(4) The Board of Trade may make regulations for giving effect to this section, and for referring to the umpire appointed under this Part of this Act any question which may arise under this section.

(4) The fact that persons other than workmen can be members of an association shall not prevent the association being treated as an association of workmen for the purposes of this section, if the association is substantially an association of workmen.

Notes on Section 105.—This important Section makes it possible for the Board of Trade to administer Unemployment Benefit to members of a Trade Union through the Trade Union instead of through the "Insurance Officer" and the Labour Exchange (Section 88).

Observe that the privilege is restricted (Subsection (1)) to Trade Unions which pay unemployment benefit, and that as they can obtain only $\frac{3}{4}$ ths of what they pay out in Out-of-work Benefit they are encouraged and induced to pay a higher rate than the 7s. a week provided by Section 84.

When a member of a Trade Union is compulsorily insured under Section 84, the 2½d. deducted by his employer becomes in effect part of his contribution to his Trade Union (Subsection (2)).

Repayments to associations who make payments to persons whether workmen in insured trade

Section 106.—(1) The Board of Trade may, with the consent of the Treasury, and on such conditions and either annually or at such other intervals as the Board may prescribe, repay out of moneys provided by Parliament to any association of persons not trading for profit the rules of which provide for payments to persons whilst unemployed, whether workmen in an insured trade or not, such part (in no case exceeding one-sixth) as they think fit, of the aggregate amount which the association has

expended on such payments during the preceding year or other prescribed period, exclusive of the sum (if any) repaid to the association in respect of such period in pursuance of an arrangement under the last foregoing section, and exclusive, in the case of payments which exceed twelve shillings a week, of so much of those payments as exceeds that sum.

(2) No repayment shall be made under this section in respect of any period before the expiration of six months from the commencement of this Act.

(3) The Board of Trade may make regulations for giving effect to this section, and for determining the mode in which questions arising under this section shall be settled.

Notes on Section 106.—*This exceedingly important Section is in effect a separate department of unemployment insurance, quite distinct in method and principle from the scheme embodied in Sections 84-105 inclusive.*

It is the "Ghent" system of encouraging Trade Unions which give Unemployment Benefit to their members.

It applies to ALL trades, and not merely to the trades named in Schedule 6.

If any Trade Union pays Unemployment Benefit to its members, the Board of Trade may repay to it, out of the public purse, up to one-sixth of its such expenditure, within the limits of an Unemployment Benefit of 12s. a week.

This is quite distinct from the provision of Section 105, by which Trade Unions in the insured trades may administer the Unemployment Benefit provided by the Compulsory Scheme.

Section 107.—(1) For the purposes of this Part of this Act—

The expression “workman” means any person of the age of sixteen or upwards employed wholly or mainly by way of manual labour, who has entered into or works under a contract of service with an employer, whether the contract is expressed or implied, is oral or in writing, and in relation to a person whilst unemployed means a person who, when employed, fulfilled the conditions aforesaid, but does not include an indentured apprentice;

Contributions made by an employer on behalf of a workman shall be deemed to be contributions by the workman;

Two periods of unemployment of not less than two days each, separated by a period of not more than two days, during which the workman has not been employed for more than twenty-four hours or two periods of unemployment of not less than one week each, separated by an interval of not more than six weeks, shall be treated as a continuous period of unemployment, and the expression “continuously unemployed” shall have a corresponding meaning;

Interpreta-
tion and
application.

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5 Edw. 7.
c. 18.

Temporary work provided by a central body or distress committee under the Unemployed Workmen Act, 1905, or towards the provision of which any such central body or distress committee has contributed under that Act, shall not be deemed to be employment in an insured trade;

A workman shall not be deemed to be unemployed whilst he is following any remunerative occupation in an insured trade, or whilst he is following any other occupation from which he derives any remuneration or profit greater than that which he would derive from the receipt of unemployment benefit under this Part of this Act.

A workman shall not, for the purposes of contributions, be deemed to be employed in any period in respect of which he receives no remuneration from his employer, notwithstanding that he continues during such period in his employment.

The expression "trade dispute" means any dispute between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any persons, whether workmen in the employment of the employer with whom the dispute arises or not.

(2) In determining any question as to whether any trade in which a workman is or has been employed is an insured trade or not, regard shall be had to the nature of the work in which the workman is engaged rather than to the business of the employer by whom he is employed.

(3) This Part of this Act shall apply to workmen employed by or under the Crown to whom this Act would apply if the employer were a private person, except to such of those workmen as are serving in an established capacity in the permanent service of the Crown, subject, however, to such modifications as may be made therein by Order in Council for the purpose of adapting the provisions of this Part of this Act to the case of such workmen.

(4) If the Board of Trade are satisfied that any class of workmen are, having regard to their claim to pension or to the other terms of their service, in as permanent a position as that of persons serving in an established capacity in the permanent service of the Crown, the Board of Trade may exempt that class of persons from the provisions of this Part of this Act, and any persons so exempt shall not be deemed to be workmen.

NATIONAL INSURANCE ACT, 1911

PART III

GENERAL PROVISIONS

It should be observed that these General Provisions apply not only to Part II. of the Act, the Unemployment Insurance, but to Part I., the Health Insurance.

Section 108.—Stamps required for the purposes of this Act shall be prepared and issued in such manner as the Commissioners of Inland Revenue, with the consent of the Treasury, may direct, and the said Commissioners may, by regulations in accordance with the provisions of Part I. of this Act relating to regulations by the Insurance Commissioners, provide for applying, with the necessary adaptations, as respects such stamps, all or any of the provisions (including penal provisions) of the Stamp Duties Management Act, 1891, as amended by any subsequent Act, and section sixty-five of the Post Office Act, 1908, and may with the consent of the Postmaster-General provide for the sale of such stamps through the Post Office.

Provisions as to stamps. 54 & 55 Vict. c. 38. 8 Edw. 7. c. 48.

Section 109.—In granting outdoor relief to a person in receipt of or entitled to receive any benefit under this Act, a board of guardians shall not take into consideration any such benefit, except so far as such benefit exceeds five shillings a week.

Outdoor relief. 8 Edw. 7. c. 48.

Section 110.—(1) There shall be included among the debts which, under section one of the Preferential Payments in Bankruptcy Act, 1889, and section two hundred and nine of the Companies (Consolidation) Act, 1908, are, in the distribution of the property of a bankrupt and in the distribution of the assets of a company being wound up, to be paid in priority to all other debts, all contributions payable under this Act by the bankrupt or the company in respect of employed contributors or workmen in an

Priority of claims for contributions due by bankrupt employers. 51 & 52 Vict. c. 62.

8 Edw. 7.
c. 69.

insured trade during the four months before the date of the receiving order, or, as the case may be, the commencement of the winding up or the winding-up order, and those Acts shall have effect accordingly, and formal proof of the debts to which priority is given under this section shall not be required except in cases where it may otherwise be provided by rules made under the Bankruptcy Act, 1883, or the Companies (Consolidation) Act, 1908.

46 & 47 Vict.
c. 52.

(2) In the case of the winding up of a company within the meaning of the Stannaries Act, 1887, such contributions as aforesaid shall, if payable in respect of a miner, have the like priority as is conferred on wages of miners by section nine of that Act, and that section shall have effect accordingly.

50 & 51 Vict.
c. 43.

(3) This section shall not apply where a company is wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company.

38 & 39 Vict.
c. 26.

(4) In the application of this section to Scotland, a reference to section three of the Bankruptcy (Scotland) Act, 1875, and the respective dates therein mentioned shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888, and the date of the receiving order; and an Act of Sederunt under the Bankruptcy Amendment (Scotland) Act, 1856, shall be substituted for rules under the Bankruptcy Act, 1883.

52 & 53 Vict.
c. 60.

(5) In the application of this section to Ireland a reference to section four of the Preferential Payments in Bankruptcy (Ireland) Act, 1889, shall be substituted for the reference to section one of the Preferential Payments in Bankruptcy Act, 1888; and a reference to general orders made under the first-mentioned Act shall be substituted for the reference to rules made under the Bankruptcy Act, 1883; and any reference to a bankrupt shall include a reference to an arranging debtor; and the reference to the receiving order shall be construed as a reference to the order of adjudication in the case of a bankrupt, or to the filing of the petition for arrangement in the case of an arranging debtor.

**Benefits to
be inalienable.**

Section 111.—Every assignment of, or charge on, and every agreement to assign or charge, any of the benefits conferred by this Act shall be void, and, on the bankruptcy of any person entitled to any such benefit, the benefit shall not pass to any trustee or other person acting on behalf of his creditors.

**Powers of
inspectors.**

Section 112.—(1) An inspector appointed under this Act shall, for the purposes of the execution of this Act, have power to do all or any of the following things, namely:—

(a) to enter at all reasonable times any premises or place, other than a private dwelling-house not being a workshop, where he has reasonable grounds for supposing that any employed contributors or workmen in an insured trade are employed;

(b) to make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are complied with in any such premises or place;

- (c) to examine, either alone or in the presence of any other person, as he thinks fit, with respect to any matters under this Act, every person whom he finds in any such premises or place, or whom he has reasonable cause to believe to be or to have been an employed contributor or workman in an insured trade, and to require every such person to be so examined, and to sign a declaration of the truth of the matters in respect of which he is so examined;
- (d) to exercise such other powers as may be necessary for carrying this Act into effect.

(2) The occupier of any such premises or place and any other person employing any employed contributor or workman in an insured trade, and the servants and agents of any such occupier or other person, and any employed contributor or workman in an insured trade shall furnish to any inspector all such information and shall produce for inspection all such registers, books, cards, and other documents as the inspector may reasonably require.

(3) If any person wilfully delays or obstructs an inspector in the exercise of any power under this section or fails to give such information or to produce such documents as aforesaid, or conceals or prevents or attempts to conceal or prevent any person from appearing before or being examined by an inspector, he shall be liable on summary conviction to a fine not exceeding five pounds:

Provided that no one shall be required under this section to answer any question or give any evidence tending to incriminate himself.

(4) Where any such premises or place are liable to be inspected by inspectors or other officers, or are under the control, of some other Government department, the Insurance Commissioners or Board of Trade may make arrangements with that other Government department for any of the powers and duties of inspectors under this section being carried out by inspectors or other officers of such other Government department, and, where such an arrangement is made, such inspectors and officers shall have all the powers of an inspector under this section.

(5) Every inspector shall be furnished with the prescribed certificate of his appointment, and on applying for admission to any premises for the purposes of this Act shall, if so required, produce the said certificate to the occupier.

Section 113.—(1) Sections eighty and eighty-one of the Factory and Workshop Act, 1901, relating to the making of regulations under that Act, as set out and adapted in the Ninth Schedule to this Act, shall apply to special orders made under this Act.

(2) Before a special order (other than a special order excluding any occupation from the occupations which are to be deemed employment in an insured trade) comes into force, it shall be laid before each House of Parliament for a period of not less than thirty days during which the House is sitting, and, if either of those Houses before the expiration of

Procedure
for making
special
orders.
1 Edw. 7.
c. 22.

those thirty days presents an Address to His Majesty against the order or any part thereof, no further proceedings shall be taken thereon without prejudice to the making of any new order.

**Provisions
as to birth
certificates.**

Section 114.—Where, for the purposes of this Act, the age of any person is required to be proved by the production of a certificate of birth, any person shall, on presenting a written requisition in such form and containing such particulars as may be from time to time prescribed by the Local Government Board for England, Scotland, or Ireland, as the case may be, and, on payment of a fee of six pence, be entitled to obtain a certified copy of the entry of the birth of that person in the birth register, under the hand of the registrar or superintendent registrar having the custody thereof, and forms for such requisition shall on request be supplied without any charge by every registrar of births and deaths and by every superintendent registrar.

NINTH SCHEDULE.

PROVISIONS OF THE FACTORY AND WORKSHOP ACT, 1901, APPLIED TO SPECIAL ORDERS MADE UNDER THIS ACT.

80.—(1) Before the authority empowered to make special orders make any special order under this Act, they shall publish, in such manner as they may think best adapted for informing persons affected, notice of the proposal to make the order, and of the place where copies of the draft order may be obtained, and of the time (which shall be not less than twenty-one days) within which any objection made with respect to the draft order by or on behalf of persons affected must be sent to the authority.

(2) Every objection must be in writing and state—

- (a) the draft order or portions of draft order objected to ;
- (b) the specific grounds of objection ; and
- (c) the omissions, additions, or modifications asked for.

(3) The authority shall consider any objection made by or on behalf of any persons appearing to them to be affected which is sent to them within the required time, and they may, if they think fit, amend the draft order, and shall then cause the amended draft to be dealt with in like manner as an original draft.

(4) Where the authority do not amend or withdraw any draft order to which any objection has been made, then (unless the objection either is withdrawn or appears to them to be frivolous) they shall, before making the order, direct an inquiry to be held in the manner hereinafter provided.

81.—(1) The authority may appoint a competent and impartial person to hold an inquiry with regard to any draft order, and to report to them thereon.

(2) The inquiry shall be held in public, and any objector and any other person who, in the opinion of the person holding the inquiry, is affected by

the draft order, may appear at the inquiry either in person or by counsel, solicitor, or agent.

(3) The witnesses on the inquiry may, if the person holding it thinks fit, be examined on oath.

(4) Subject as aforesaid, the inquiry and all proceedings preliminary and incidental thereto shall be conducted in accordance with rules made by the authority.

(5) The fee to be paid to the person holding the inquiry shall be such as the authority may direct and shall be deemed to be part of the expenses of the authority in carrying this Act into effect.

(6) For the purposes of this schedule, the expression "authority" means the Insurance Commissioners or the Board of Trade, as the case may be.

Section 115.—This Act may be cited as the National Insurance Act, Short title
and com-
mencement. 1911, and shall, save as otherwise expressly provided by this Act, come into operation on the fifteenth day of July nineteen hundred and twelve:

Provided that His Majesty in Council may, should necessity arise, substitute some subsequent date or dates not being later than the first day of January nineteen hundred and thirteen as respects the provisions of this Act relating to health insurance, and not being later than the first day of October nineteen hundred and twelve as respects the provisions of this Act relating to unemployment insurance.

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